

Emirates Insurance Company P.J.S.C.

Condensed interim financial information

30 September 2023

Principal business address:

Emirates Insurance Company P.J.S.C.

P.O. Box: 3856

Abu Dhabi

UAE

Emirates Insurance Company P.J.S.C.

Condensed interim financial information

<i>Contents</i>	<i>Page</i>
Board of Directors' report	1
Independent auditors' report on the review of the condensed interim financial information	4
Condensed interim statement of financial position	6
Condensed interim statement of profit or loss	7
Condensed interim statement of profit or loss and other comprehensive income	8
Condensed interim statement of changes in shareholders' equity	9
Condensed interim statement of cash flows	10
Notes to the condensed interim financial information	11

Report of the Board of Directors for the nine months ended 30 September 2023.

The Board of Directors takes pleasure in presenting the unaudited results for the first nine months of 2023.

	AED '000	
	<u>September</u> <u>2023</u>	<u>Restated</u> <u>September</u> <u>2022</u>
Income Statement		
Gross premium Written	969,970	937,744
Insurance revenue	862,205	827,400
Insurance service expenses	(547,022)	(320,576)
Insurance service result before reinsurance contracts held	315,183	506,824
Net expense from reinsurance contracts held	(256,698)	(446,322)
Insurance service result	58,485	60,502
Insurance finance (expenses)/income	(17,888)	18,145
Reinsurance finance income/(expenses)	13,092	(10,528)
Total Insurance Income	53,689	68,119
Investment Income	63,209	8,397
Other Expenses	(28,774)	(27,135)
Net Profit for the period	88,124	49,381
Balance Sheet		
Shareholders' Equity	<u>September</u> <u>2023</u>	<u>Restated</u> <u>Dec 2022</u>
Total Assets	1,219,108	1,147,542
Total Liabilities	2,311,894	2,153,528
Earnings per share (Fils)	0.59	0.33

Management Commentary Q3 2023

IFRS17:

Following the implementation of a new international accounting standard in Q1 2023 - IFRS 17- EIC once more presents its results for Q3 2023 under the new standard. Under IAS8, the implementation of such a far-reaching new standard requires us, along with all other insurers in the UAE, to restate our 2022 results using the new IFRS 17 methodology.

IFRS 17 does not affect the treatment of our investment portfolio.

Insurance Revenue

Overall, the company's Insurance revenue increased by 4.2% compared to the same period last year with our domestic business recording growth of over 6%.

Insurance Services result before Reinsurance Contracts Held

Insurance service expenses increased from 2022. Our domestic business reported higher claims in motor and engineering. Our property insurance business was also affected by a large single fire loss - although a major part of that loss is recoverable from reinsurers. On a more positive note, we have seen a sharp decline in net medical claims mainly due to changes in our risk appetite, pricing tariff and reinsurance arrangements. These changes delivered a much-improved medical result for the 1st nine months of the year.

Unfortunately, our international business, which performed so well in 2022, incurred a greater number of large market losses than last year. Both International Energy and International Property Fac were hit by a number of fires impacting International's overall result adversely.

Net Expense from Reinsurance Contracts Held

The net expense from Reinsurance Contracts held dropped significantly by 42% from Q3_22, mainly due to recovery from reinsurers on the large fire claim mentioned above as well as some reorganization of our motor and medical segments.

Insurance Service Result

The insurance service result decreased marginally compared to Q3_2022. The result ratio for 2023 YTD is 6.7% compared to 7.3% for the same period last year. We are expecting the Insurance Service result to improve over the year as we see the benefits of our revised reinsurance strategy combined with the release of Unearned Premium in Q4_2023 bear fruit.

Insurance and Reinsurance finance income/(expenses)

Insurance and Reinsurance finance income/(expenses) relate to the effect of discounting of cash flows on insurance contract liabilities and reinsurance contract assets, because of changes in market interest rates. The Net Insurance and reinsurance finance expenses decreased from a net income of Aed7.6m to a net expense of Aed4.8m for 2023 year to date due to the unwinding of the discounted interest from the prior year as well as changes in global interest rates.

Investment Performance:

EIC's Investment portfolio generated AED 63.2m in P&L Income as of Q3'23 (YTD) as compared to AED 8.4m over the same period last year. Our total portfolio went up by 3.2% during the third quarter of 2023 resulting in a YTD Holding Period of Return of 7.5%.

The strong portfolio growth is attributed to high cash on cash yields, and higher bond yields as a result of which we saw our interest income increase by 16%. In 2023, we also saw our portfolio exposures benefitting from strong regional inflows that generated strong capital gains. On the other hand, while the market is demanding a higher risk premium over riskier asset classes owing to the higher risk-free return, EIC has strategically employed various risk mitigation initiatives that in turn allows us to target superior risk-adjusted returns going forward. Such initiatives are in line with our dynamic portfolio management as we consistently monitor the macro themes to maximize shareholder value.

EIC's strategic book further bolstered our overall investment performance with our total portfolio generating an attractive 9-month holding period return of 7.5%, which in turn, contributes to EIC's improving solvency margins.

Going into the fourth quarter, we continue to retain a conservative stance citing higher geopolitical and macro-economic uncertainties and have limited any calls on market directionality.

Other expenses

These expenses relate to operating expenses which cannot be attributed directly to the insurance business of the company. Other expenses increased by 6% compared to Q3_2022 mainly due to one off consulting expenses. The total expense ratio based on GWP declined further to 8.9%.

Net Profit

Our net profit for the year-to-date amounts to Aed88m compared to Aed49m in the same period last year with our strong investment performance contributing significantly to our overall profit growth.

The Total Comprehensive Income increased from Aed12.6m for the 1st nine months of 2022 to Aed147m year to date, 2023.

Balance Sheet:

The Total Assets of the Company have increased by 7.4% from Q4_22, despite the Aed75m dividend paid to the shareholders earlier in the year.

Shareholders' Equity increased by 6.2% driven mainly by the strong investment performance during the year.

Our liquidity, solvency and working capital position continues to remain very strong at 586m, an increase of 18% compared to December 2022.



Abdullah Al Mazrui

Chairman

14 November 2023



KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholders of Emirates Insurance Company P.J.S.C.

Introduction

We have reviewed the accompanying 30 September 2023 condensed interim financial information of Emirates Insurance Company P.J.S.C. ("the Company"), which comprises:

- the condensed interim statement of financial position as at 30 September 2023;
- the condensed interim statements of profit or loss for the three-month and nine-month periods ended 30 September 2023;
- the condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed interim statement of changes in shareholders' equity for the nine-month period ended 30 September 2023;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2023; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.



Emirates Insurance Company P.J.S.C.
Independent Auditors' Report on
Review of Condensed Interim Financial Information
30 September 2023

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Maher Alkatout
Registration No: 5453
Abu Dhabi, United Arab Emirates

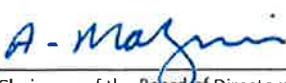
Date: 14 NOV 2023

Emirates Insurance Company P.J.S.C.

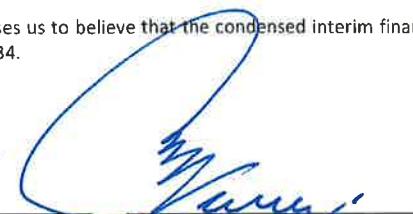
Condensed interim statement of financial position as at (Unaudited)

	Note	30 September 2023 AED'000	31 December 2022 AED'000 (Restated*)
Assets			
Cash and cash equivalents	4	65,716	127,748
Term deposits	4(ii)	206,185	180,537
Financial assets at amortised cost	5	279,200	233,700
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	774,205	763,372
Financial assets at fair value through profit or loss ("FVTPL")	5	300,982	335,669
Insurance contract assets	6	-	2,376
Reinsurance contract assets	7	625,489	457,788
Investment properties	8	4,097	4,286
Statutory deposit	9	10,000	10,000
Property and equipment		9,095	10,415
Other receivables and prepayments		36,925	27,637
Total assets		2,311,894	2,153,528
Equity and liabilities			
Equity			
Share capital	10	150,000	150,000
Statutory reserve	11	75,000	75,000
General reserve	12	600,000	600,000
Reinsurance risk reserve	13	10,960	7,630
Fair value reserve		230,336	212,795
Retained earnings		152,812	102,117
Total equity		1,219,108	1,147,542
Liabilities			
Employee's end of service obligation		19,373	18,111
Provisions, reinsurance and other payables	14	61,099	35,918
Insurance contract liabilities	6	995,633	910,134
Reinsurance contract liabilities	7	16,681	41,823
Total Liabilities		1,092,786	1,005,986
Total Equity and Liabilities		2,311,894	2,153,528

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

The notes set out on pages 11 to 37 form an integral part of this condensed interim financial information.
The independent auditors' report on review of the condensed interim financial information is set out on pages 4 and 5.

* Comparative information has been restated on account of first-time adoption of IFRS 17 Insurance Contracts (refer note 3)

Emirates Insurance Company P.J.S.C.

Condensed interim statement of profit or loss for the period ended 30 September (Unaudited)

	Note	Three-month period ended 2023	Three-month period ended 2022 (Restated*)	Nine-month period ended 2023	Nine-month period ended 2022 (Restated*)
		AED'000	AED'000	AED'000	AED'000
Insurance revenue	6	298,605	274,459	862,205	827,400
Insurance service expenses	6	(251,754)	(120,367)	(547,022)	(320,576)
Insurance service result before reinsurance contracts held	6	46,851	154,092	315,183	506,824
Net expense from reinsurance contracts held	7	(15,496)	(132,573)	(256,698)	(446,322)
Insurance service result		31,355	21,519	58,485	60,502
Insurance finance (expense)/ income for insurance contracts issued	6	(5,752)	3,506	(17,888)	18,145
Reinsurance finance (expense)/ income for reinsurance contracts issued	7	3,489	(1,373)	13,092	(10,528)
Net insurance finance (expense)/ income		(2,263)	2,133	(4,796)	7,617
Total Insurance Income		29,092	23,652	53,689	68,119
Net investment income	16	7,772	1,563	61,977	7,501
Income from investment properties		299	232	1,232	896
Total Investment income		8,071	1,795	63,209	8,397
Other income and expense		(9,166)	(10,407)	(28,774)	(27,135)
Profit for the period		27,997	15,040	88,124	49,381
Basic and diluted earnings per share	17	0.19	0.10	0.59	0.33

The notes set out on pages 11 to 37 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 4 and 5.

* Comparative information has been restated on account of first-time adoption of IFRS 17 Insurance Contracts (refer note 3)

Emirates Insurance Company P.J.S.C.

Condensed interim statement of profit or loss and other comprehensive income for the period ended 30 September (unaudited)

	Three -month period ended 2023 AED'000	Three -month period ended 2022 (Restated*) AED'000	Nine -month period ended 2023 AED'000	Nine -month period ended 2022 (Restated*) AED'000
Profit for the period	27,997	15,040	88,124	49,381
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>				
Changes in fair value of equity instruments at fair value through other comprehensive income – net	46,343	(1,766)	60,735	(27,460)
<i>Items that are or may be reclassified subsequently to statement of profit or loss:</i>				
Changes in fair value of debt instruments at fair value through other comprehensive income – net	(1,806)	(2,601)	(2,266)	(9,254)
Reversal for impairment loss on debt instruments measured at fair value through other comprehensive income	-	-	(27)	(31)
Other comprehensive income / (loss) for the period	44,537	(4,367)	58,442	(36,745)
Total comprehensive income for the period	72,534	10,673	146,566	12,636

The notes set out on pages 11 to 37 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 4 and 5.

* Comparative information has been restated on account of first-time adoption of IFRS 17 Insurance Contracts (refer note 3)

Emirates Insurance Company P.J.S.C.

Condensed interim statement of changes in shareholders' equity for the nine month period ended 30 September (Unaudited)

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Reinsurance risk reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2022, as previously reported (Audited)	150,000	75,000	600,000	3,767	227,240	116,748	1,172,755
Adjustment on initial application of IFRS 17 (Note 3)						13,769	13,769
Restated balance at 1 January 2022	150,000	75,000	600,000	3,767	227,240	130,517	1,186,524
<i>Total comprehensive income:</i>							
Profit for the period (restated*)						49,381	49,381
Other comprehensive loss for the period						(36,745)	(36,745)
Total comprehensive income / (loss) for the period (restated*)						49,381	(36,745)
<i>Transactions with owners of the Company:</i>							
Dividends (note 10)							
Total transactions with owners of the Company							
Transfer to retained earnings on disposal of equity investments designated at FVOCI							
Transfer from retained earnings to reinsurance risk reserve							
Restated balance at 30 September 2022 (Unaudited)	150,000	75,000	600,000	6,982	196,434	95,744	1,124,160
Balance at 1 January 2023 as previously reported (Audited)	150,000	75,000	600,000	7,630	212,795	104,280	1,149,705
Adjustment on initial application of IFRS 17 (Note 3)						(2,163)	(2,163)
Restated balance at 1 January 2023	150,000	75,000	600,000	7,630	212,795	102,117	1,147,542
<i>Total comprehensive income:</i>							
Profit for the period						88,124	88,124
Other comprehensive income for the period						-	58,442
Total comprehensive income for the period						88,124	58,442
<i>Transactions with owners of the Company:</i>							
Dividends (note 10)							
Total transactions with owners of the Company						(75,000)	(75,000)
Transfer to retained earnings on disposal of equity investments designated at FVOCI							
Transfer from retained earnings to reinsurance risk reserve							
Balance at 30 September 2023 (Unaudited)	150,000	75,000	600,000	10,960	230,336	152,812	1,219,108

The notes set out on pages 11 to 37 form an integral part of this condensed interim financial information.

* Comparative information has been restated on account of first-time adoption of IFRS 17 Insurance Contracts (refer note 3)

Emirates Insurance Company P.J.S.C.

Condensed interim statement of cash flows for the nine-month period ended 30 September (Unaudited)

		2023	2022 (Restated*)
	Note	AED'000	AED'000
Cash flows from operating activities			
Profit for the period		88,124	49,381
Adjustments for:			
Depreciation of property and equipment		2,438	2,696
Depreciation of investment properties		189	393
Net gain on disposal of property and equipment		(82)	-
Net loss / (gain) on disposal of investments in securities	16	8,274	(582)
Unrealised (gain) / loss on investments measured at FVTPL	16	(27,518)	33,565
Premium amortisation	5	(761)	351
Dividends from investments in securities	16	(24,455)	(26,243)
Reversal for expected credit losses on financial assets		(2,074)	(1,804)
Charge for employees' end of service benefit obligation		3,066	2,144
Interest income	16	(19,863)	(15,913)
Cash generated from operating activities		27,338	43,988
Decrease in insurance contract assets		2,376	-
(Increase) / decrease in reinsurance contract assets		(167,701)	162,128
Increase in other receivables and prepayments		(7,906)	(13,077)
Increase / (decrease) in insurance contract liabilities		87,572	(190,762)
Increase / (decrease) in reinsurance contract liabilities		(25,142)	7,989
(Decrease) / increase in provisions, reinsurance and other payables		25,181	(7,644)
Cash (used in) / generated from operating activities		(58,282)	2,622
Payment for employees' end of service benefit obligation		(1,804)	(4,719)
Net cash used in operating activities		(60,086)	(2,097)
Cash flows from investing activities			
Payments for purchase of property and equipment		(1,167)	(2,635)
Proceeds from disposal of property and equipment		131	-
Payments for purchase of financial assets		(146,411)	(129,971)
Proceeds from disposal of financial assets		203,223	137,596
Net movement in term deposits		(25,658)	(77,329)
Dividends received		24,455	26,751
Interest income received		18,481	16,143
Net cash generated from / (used in) investing activities		73,054	(29,445)
Cash flows from financing activities			
Dividends paid		(75,000)	(75,000)
Net cash used in financing activities		(75,000)	(75,000)
Net decrease in cash and cash equivalents		(62,032)	(106,542)
Cash and cash equivalents at the beginning of the period		127,748	180,080
Cash and cash equivalents at the end of the period	4	65,716	73,538

The notes set out on pages 11 to 37 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 4 and 5.

* Comparative information has been restated on account of first-time adoption of IFRS 17 Insurance Contracts (refer note 3)

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

1 Legal status and activities

Emirates Insurance Company P.J.S.C. (the "Company") is a public joint stock company which was incorporated in Abu Dhabi, United Arab Emirates on 27 July 1982. The Company is registered in accordance with UAE Federal Law No. (6) of 2007 concerning Insurance Companies and Agents and is governed by the provisions of the Federal Law No. (32) of 2021 concerning the commercial companies, Central bank of UAE Board decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning Instructions Organizing Reinsurance Operations, and is registered in the Insurance Companies Register of Central Bank of UAE under registration No. (2). The Company's principal activity is the writing of general insurance and reinsurance business of all classes. The Company operates through its head office in Abu Dhabi and branch offices in Dubai, Al Ain and Jebel Ali Freezone. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 3856, Abu Dhabi, United Arab Emirates.

2 Basis of preparation

(a) Statement of compliance

The condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and also complies with the applicable requirements of the laws in the UAE.

This is the third set of the Company's condensed interim financial information in which IFRS 17 Insurance Contracts have been applied. The related changes to significant accounting policies are described in Note 3. It does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") except the change in accounting policy as described in Note 3.

(b) Basis of measurement

The condensed interim financial information has been prepared under the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values.

(c) Functional and reporting currency

The condensed interim financial information is presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency. Except as indicated, the financial information presented in AED has been rounded to the nearest thousand.

(d) Use of judgments and estimates

In preparing the condensed interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2022, except for the change in accounting policy as described in Note 3.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies

The Company has initially adopted IFRS 17 from 1 January 2023. This Standard has brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts for the year ended 31 December 2022.

Except for the changes below, the accounting policies applied in the condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2022.

IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

Insurance contracts

Definition and classification

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks.

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in the condensed interim financial information apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

The Company does not write any investment contracts with discretionary participation features or insurance contracts with direct participation features.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies (*continued*)

Changes to classification and measurement

For the Company, IFRS 17 has not resulted in a material change in the classification of insurance contracts relative to IFRS 4.

Previously, the Company measured contracts at the line of business level under IFRS 4. IFRS 17 has introduced a new unit of account at which insurance and reinsurance contracts are measured. Contracts are grouped into a unit of account based on the portfolio, cohort and profitability group to which the contract belongs.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Measurement approach

Premium Allocation Approach

The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts for all groups. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Contracts written by the Company that have a coverage period of one year or less are automatically eligible for the PAA. The Company does write some contracts that have a coverage period exceeding one year and which were not automatically eligible. These are the Property, Motor (non-Fleet), Casualty and Engineering portfolios. For all the groups of contracts within the portfolio, the LRC measured under the PAA and the GMM were projected over the lifetime of the contracts, considering different reasonable scenarios, to determine if the differences were significant. The Company has found that for all these contracts the PAA provided a reasonable approximation of the GMM and were thus eligible for measurement under the PAA.

As the premium allocation approach ("PAA") is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less.

Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

Insurance revenue and insurance service expenses are recognised in the income statement based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies (*continued*)

Measurement approach (*continued*)

Premium Allocation Approach (*continued*)

- Relevant pricing decisions;
- Initial stages of a new business acquired where the underlying contracts are onerous; and
- Any other strategic decisions the management considers appropriate.

The Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Company performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Company expects all of its contracts to be eligible for PAA measurement model.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Insurance revenue and insurance service expenses

As the Company provides insurance contract services under the group of insurance contracts, it reduces the Liability for Remaining Coverage and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time. IFRS 17 requires losses to be recognised immediately on contracts that are expected to be onerous.

Insurance service expenses include incurred claims and benefits, other incurred directly attributable expenses, insurance acquisition cash flows amortisation, changes that relate to past service i.e., changes in the Fulfilment cash flows ("FCF") relating to the liability for incurred claims ("LIC"), changes that relate to future service (i.e., changes in the FCF that result in onerous contract losses or reversals of those losses) and insurance acquisition cash flows assets impairment.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies (*continued*)

Accounting policy choices

The following table sets out the accounting policy choices that the Company adopted:

	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortising them over the contract's coverage period.	The Company adopted the policy choice of amortising the insurance acquisition cash flows over the contract's period regardless of the total coverage period of the contracts
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Company has not accounted for an allowance for time value of money on the LRC for groups of contracts, since the contracts do not contain a significant financing component.
Liability for Incurred Claims ("LIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company has decided to adjust LIC cash flows for the time value of money, as claims are not expected to be paid within 12 months from the date of loss.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	The Company has included changes in discount rates and other financial changes in profit or loss.
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and plans to include the entire change within the insurance service result

The GMM has not been applied by the Company, as the contracts written / held are either auto PAA eligible or have passed the PAA eligibility test carried out by the Company.

Variable fee approach is also not being applied as the Company does not issue any unit linked insurance contracts.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies (*continued*)

Areas of significant judgements

The following are key judgements and estimates which the Company applied as a result of IFRS 17. The Company has elected to determine cumulative results for each interim reporting period, and estimates made by the Company in previous interim financial statements will not be considered when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

Discount rates

The Company uses the bottom-up approach for groups of contracts. Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The significant area of judgement is deriving the illiquidity premium which is required to adjust the risk-free yield curve. The risk-free curve itself will either be derived by the Company from risk free assets in the market, or the Company may choose to apply a published risk-free curve.

Risk adjustment

The Company estimates the risk adjustment on a value at risk (bootstrapping) / confidence level approach as this method allows the disclosure of confidence level as per IFRS 17 requirements. The Company uses stochastic techniques to estimate the probability distribution of the future cash flows which forms the basis for determining the risk adjustment.

Modification and derecognition

An insurance contract may be modified, either by agreement between the parties or as result of regulation. If the terms are modified, an entity must derecognise the original insurance contract and recognise the modified contract as a new contract, if and only if certain conditions as prescribed in IFRS 17 are satisfied. The exercise of a right included in the terms of a contract is not a modification. Any contract modification that changes the accounting model or the applicable standard for measuring the components of the insurance contract, is likely to result in derecognition.

If a contract modification meets none of the conditions for derecognition, any changes in cash flows caused by the modification are treated as changes in the estimates of the fulfilment cash flows. For contracts applying the premium allocation approach, any adjustments to premium receipts or insurance acquisition cash flows arising from a modification adjust the liability for remaining coverage and insurance revenue is allocated to the period for services provided (which would also require judgement in determining the period to which the modification applies).

Insurance revenue

Under IFRS 4, earned premiums are recognised as revenue proportionally over the period of coverage. Since PAA will be applicable for the majority of the portfolios, there will be no material change in the recognition of revenue under IFRS 17.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in a group. The period covered by the premiums within the contract boundary is the "coverage period", which is relevant when applying IFRS 17 requirements.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies (*continued*)

Areas of significant judgements (*continued*)

Contract boundaries (*continued*)

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Company can compel the policyholder to pay premium or has a substantive obligation to provide services. For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Judgement might be required to assess the Company's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

Measurement of expenses

The Company has defined acquisition expenses as the costs of selling, underwriting and starting issuing a group of insurance contracts as per IFRS 17 requirements. The Company had defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or group of contracts (as opposed to new business in general).

The Company has defined all other expenses as maintenance expenses. The Company has defined maintenance costs as attributable if they could not have been avoided if the contract had not been entered into. Where this is unclear, the Company has determined that maintenance costs are attributable if that expense would continue in run-off. The Company has separated the outwards reinsurance costs from other expenses using a systematic allocation.

The Company defines such expenses as attributable to the reinsurance contracts in line with the principles for direct contracts. Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred. The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance and reinsurance contracts. Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis.

The Company allocates these using relevant proxies. Similar methods are consistently applied to allocate expenses of a similar nature. The Company does not pay (or recognise a liability, applying a standard other than IFRS 17) directly attributable acquisition costs before a group of insurance contracts is recognised. As such, no pre-recognition acquisition costs assets have been established.

Transition

On the date of initial application, 1 January 2023, the Company has applied IFRS 17 standard retrospectively (i.e. using the Full Retrospective Approach). Where the full retrospective approach is impracticable, IFRS 17 allows for alternative transition methods as follows.

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Changes in significant accounting policies (*continued*)

Areas of significant judgements (*continued*)

Transition (*continued*)

Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). The fair value approach enables an entity to determine the opening transition balances, even if the entity does not have reasonable and supportable information about the contracts that exist at the transition date.

The Company applied the Full Retrospective Approach to calculate the transition impact.

Impact on transition to IFRS 17

Management understands that the adoption of IFRS 17 have an impact on the amounts reported and disclosures made in these financial statements in respect of its insurance contracts issued and reinsurance contracts held. Based on assessments undertaken, opening equity is impacted due to the following:

- risk adjustments assumptions
- impact of onerous contracts, if identified
- impact of discounting
- expected non-performance risk of reinsurers
- deferment of acquisition costs

The impact on the Company's financial information on adoption of IFRS 17 is summarised as below:

Equity	1 January 2023	1 January 2022
Balance under IFRS 4	1,149,705	1,172,755
Restated balance under IFRS 17	1,147,542	1,186,524
Transition Impact	(2,163)	13,769
- Margin release	(6,570)	23,229
- New risk adjustment	(12,212)	(16,769)
- Discounting	16,673	6,404
- Loss component adjustment	(54)	905
Transition impact (Percentage)	0.19%	1.17%

Impact on presentation and disclosures on transition to IFRS 17

In the statement of financial position, deferred acquisition costs and insurance related receivables are no longer presented separately but form part of the insurance contract liabilities. Reinsurance payables and unearned commission income are also no longer presented separately but form part of the reinsurance contract assets. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3.1 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended standards in preparing this condensed interim financial information.

<i>Forthcoming requirements</i>	<i>Effective date</i>
• Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
• Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/a*

N/a* Available for optional adoption/ effective date deferred indefinitely.

The following new and amended standards do not have a significant impact on the Company's financial information except for IFRS 17 (refer note 3):

<i>New standards or amendments</i>	<i>Effective date</i>
• IFRS 17 Insurance contracts	1 January 2023
• Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
• Amendments to IAS 8 - Definition of Accounting Estimate	1 January 2023
• Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

4 Cash and cash equivalents

	<i>(Unaudited)</i> 30 September 2023 AED'000	<i>(Audited)</i> 31 December 2022 AED'000
Cash at banks inside UAE	65,583	126,823
Cash at banks outside UAE	120	919
Cash in hand	27	33
Cash and bank balances	65,730	127,775
Term deposits (i)	206,185	180,537
	271,915	308,312
Less: deposits with original maturities of three months or more (i),(ii)	(206,185)	(180,537)
Cash and cash equivalents	65,730	127,775
Less: allowance for expected credit losses	(14)	(27)
	65,716	127,748

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

4 Cash and cash equivalents (continued)

- (i) Term deposits carry interest rates ranging from 2.00% to 6.00% (31 December 2022: 0.72% to 6.00%) per annum. All term deposits are placed with banks and financial institutions within UAE.
- (ii) Term deposits with original maturities of three months or more, net of allowance for expected credit losses of AED 52 thousand (31 December 2022: AED 54 thousand), amount to AED 206,185 thousand (31 December 2022: AED 180,537 thousand).

5 Investments in securities

The Company's investments at the end of the reporting period are detailed below:

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Financial assets at amortised cost		
Fixed income portfolio at amortised cost	279,463	233,947
Less: allowance for expected credit losses	(263)	(247)
	<hr/>	<hr/>
	279,200	233,700
	<hr/>	<hr/>
Financial assets at fair value through other comprehensive income		
Quoted UAE equity securities	549,347	535,650
Unquoted UAE equity securities	3,092	3,075
Investment funds	146,258	167,803
Unquoted overseas equity securities	2,922	3,111
Bond portfolio	72,586	53,733
	<hr/>	<hr/>
	774,205	763,372
	<hr/>	<hr/>
Financial assets at fair value through profit or loss		
Quoted UAE equity securities	42,570	32,149
Unquoted UAE equity securities	965	965
Investment funds	59,995	68,749
Unquoted overseas equity securities	31,633	27,967
Bond portfolio	165,819	205,839
	<hr/>	<hr/>
	300,982	335,669
	<hr/>	<hr/>

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

5 Investments in securities (continued)

The movement in investments during the period is as follows:

	<i>(Unaudited)</i> 30 September 2023 AED'000	<i>(Unaudited)</i> 30 September 2022 AED'000
Financial assets at amortised cost		
Amortised cost at the beginning of the period	233,700	196,165
Purchases	72,992	75,351
Disposals	(28,237)	(31,206)
Premium amortisation	761	(351)
Allowance for expected credit losses	(16)	(42)
Amortised cost at the end of the period	279,200	239,917
Financial assets at fair value through other comprehensive income		
Fair value at the beginning of the period	763,372	799,932
Purchases	2,529	21,861
Disposals	(9,264)	(38,566)
Change in fair values taken to other comprehensive income	17,568	(36,714)
Fair value at the end of the period	774,205	746,513
Financial assets at fair value through profit or loss		
Fair value at the beginning of the period	335,669	410,736
Purchases	70,890	32,759
Disposals	(133,095)	(67,242)
Change in fair values taken to profit or loss	27,518	(33,565)
Fair value at the end of the period	300,982	342,688

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

6 Insurance contract assets and insurance contract liabilities

At 30 September 2023 (Unaudited)
AED ('000)

	<u>Liability for remaining coverage</u>	<u>Liability for incurred claims</u>	<u>Total Liability</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	
Insurance contract assets as at 31/12/2022	(12,464)		
Insurance contract liabilities as at 31/12/2022	158,427	4,805	
Net insurance contract liabilities as at 31/12/2022	145,963	4,805	
Insurance revenue	(862,205)		
Insurance service expenses			
Incurred claims and other expenses		(7,243)	
Amortisation of insurance acquisition cash flows	93,520	-	
Losses on onerous contracts and reversals of those losses	-	3,811	
Changes to liabilities for incurred claims	-	-	
Transfer of investment components	-	-	
Insurance service expense	93,520	(3,432)	
Insurance service result before reinsurance contracts held	(768,685)	(3,432)	
Interest accrued	-	-	
Effect of changes in interest rates and other financial assumptions	-	-	
Net foreign exchange income / (expenses)	-	-	
Insurance finance expenses from insurance contracts issued			
Total changes in the statement of comprehensive income	(768,685)	(3,432)	
Cash flows			
Premiums received	887,217	-	
Claims and other expenses paid	-	(404,718)	
Insurance acquisition cash flows paid	(97,329)	-	
Total cash flows	789,888	(404,718)	
Net insurance contract liabilities as at 30/09/2023	167,166	1,373	
Insurance contract assets as at 30/09/2023	167,166	1,373	
Insurance contract liabilities as at 30/09/2023	167,166	1,373	
Net insurance contract liabilities as at 30/09/2023	167,166	1,373	

6 Insurance contract assets and insurance contract liabilities (continued)

At 31 December 2022 (*Un-audited*) (*Restated*)
AED ('000')

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

6 Insurance contract assets and insurance contract liabilities (continued)

At 30 September 2022 (Unaudited) (Restated)
AED ('000)

	<u>Liability for remaining coverage component</u>	<u>Liability for incurred claims</u>	<u>Total Liability</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	
Insurance contract assets as at 31/12/2021	-	-	-
Insurance contract liabilities as at 31/12/2021	52,396	4,581	58,328
Net insurance contract liabilities as at 31/12/2021	52,396	4,581	58,328
Insurance revenue	(827,400)	-	(827,400)
Insurance service expenses	-	-	-
Incurred claims and other expenses	-	(5,462)	287,336
Amortisation of insurance acquisition cash flows	80,633	-	80,633
Losses on onerous contracts and reversals of those losses	-	10,189	10,189
Changes to liabilities for incurred claims	-	-	(60,155)
Transfer of investment components	-	-	-
Insurance service expenses	80,633	4,727	250,464
Insurance service result before reinsurance contracts held	(746,767)	4,727	250,464
Interest accredited	-	-	-
Effect of changes in interest rates and other financial assumptions	-	9,249	9,249
Net foreign exchange income / (expenses)	-	(27,394)	(27,394)
Insurance finance income from insurance contracts issued	-	-	-
Total changes in the statement of comprehensive income	(746,767)	4,727	232,319
Cash flows	-	-	-
Premiums received	912,317	-	912,317
Claims and other expenses paid	-	(482,433)	(482,433)
Insurance acquisition cash flows paid	(97,515)	-	(97,515)
Total cash flows	814,802	-	(482,433)
Net insurance contract liabilities as at 30/09/2022	120,431	9,308	765,449
Insurance contract assets as at 30/09/2022	120,431	9,308	765,449
Insurance contract liabilities as at 30/09/2022	120,431	9,308	765,449
Net insurance contract liabilities as at 30/09/2022	120,431	9,308	765,449

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

7 Reinsurance contract assets and reinsurance contract liabilities

At 30 September 2023 (Unaudited)

AED ('000)	Asset for remaining coverage Non-loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Amounts recoverable on incurred claims	Total Asset
Reinsurance contract assets as at 31/12/2022	(128,445)	-	560,308	25,925	457,788
Reinsurance contract liabilities as at 31/12/2022	(68,415)	-	25,811	781	(41,823)
Net reinsurance contract assets as at 31/12/2022	(196,860)	-	586,119	26,706	415,965
Expenses from reinsurance contracts	(483,232)	-	-	-	(483,232)
Income from reinsurance contracts	-	-	-	-	-
Amounts recoverable for claims and other expenses incurred in the period	-	-	235,216	9,708	244,924
Adjustments for onerous underlying contracts	476	-	(14,651)	(4,215)	476
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	-	(18,866)
Transfer of pre-recognition cash flows	-	-	-	-	-
Transfer of reinsurance investment components	(34,231)	-	34,231	-	-
Income from reinsurance contracts	(34,231)	476	254,796	5,493	226,534
Net income / (expense) from reinsurance contracts held	(517,463)	476	254,796	5,493	(256,698)
Interest accrued	-	-	16,455	-	16,455
Effect of changes in interest rates and other financial assumptions	-	-	(3,363)	-	(3,363)
Effect of changes in the risk of non-performance by reinsurers	-	-	-	-	-
Net foreign exchange income / (expenses)	-	-	-	-	-
Reinsurance finance income from reinsurance contracts held	-	-	13,092	-	13,092
Total changes in the statement of comprehensive income	(517,463)	476	267,888	5,493	(243,606)
Cash flows	-	-	-	-	-
Premiums paid	604,166	-	-	604,166	604,166
Amounts received	-	-	(167,717)	-	(167,717)
Total cash flows	604,166	-	(167,717)	-	436,449
Net reinsurance contract assets as at 30/09/2023	(110,157)	476	686,290	32,199	608,808
Reinsurance contract assets as at 30/09/2023	(60,916)	476	654,727	31,202	625,489
Reinsurance contract liabilities as at 30/09/2023	(49,241)	-	31,553	997	(16,681)
Net reinsurance contract assets as at 30/09/2023	(110,157)	476	686,290	32,199	608,808

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

7 Reinsurance contract assets and reinsurance contract liabilities (continued)

At 31 December 2022 (Unaudited) (Restated)

AED ('000)	Asset for remaining coverage Non-loss-recovery component	Asset for remaining coverage Loss-recovery component	Amounts recoverable on incurred claims Estimates of the present value of future cash flows	Risk adjustment	Total Asset
Reinsurance contract assets as at 31/12/2021	(112,868)	634	749,145	38,804	675,715
Reinsurance contract liabilities as at 31/12/2021	(40,589)	-	28,049	2,754	(9,786)
Net reinsurance contract assets as at 31/12/2021	(153,457)	634	777,194	41,558	665,939
Expenses from reinsurance contracts	(645,226)	-	-	-	(645,226)
Income from reinsurance contracts	-	-	-	-	-
Amounts recoverable for claims and other expenses incurred in the period	-	-	122,303	3,820	126,123
Adjustments for onerous underlying contracts	(634)	-	-	-	(634)
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(84,769)	(17,946)	(102,715)
Transfer of pre-recognition cash flows	-	-	8,090	-	-
Transfer of reinsurance investment components	(8,090)	-	-	-	-
Income / (Expense) from reinsurance contracts	(8,090)	(634)	45,624	(14,126)	22,774
Net income / (expense) from reinsurance contracts held	(653,316)	(634)	45,624	(14,126)	(622,452)
Interest accredited	-	-	7,494	440	7,934
Effect of changes in interest rates and other financial assumptions	-	-	(21,137)	(1,167)	(22,304)
Effect of changes in the risk of non-performance by reinsurers	-	-	-	-	-
Net foreign exchange income / (expenses)	-	-	-	-	-
Reinsurance finance expense from reinsurance contracts held	-	-	(13,643)	(727)	(14,370)
Total changes in the statement of comprehensive income	(653,316)	(634)	31,981	(14,853)	(636,822)
Cash flows					
Premiums paid	609,914	-	-	-	609,914
Amounts received	-	-	(223,056)	-	(223,056)
Total cash flows	609,914	-	(223,056)	-	386,858
Net reinsurance contract assets as at 31/12/2022	(196,859)	-	586,118	26,706	415,965
Reinsurance contract assets as at 31/12/2022	(128,445)	-	560,308	25,925	457,788
Reinsurance contract liabilities as at 31/12/2022	(68,414)	-	25,810	781	(41,823)
Net reinsurance contract assets as at 31/12/2022	(196,859)	-	586,118	26,706	415,965

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

7 Reinsurance contract assets and reinsurance contract liabilities (continued)

At 30 September 2022 (Unaudited) (Restated)

AED ('000')	Asset for remaining coverage		Amounts recoverable on incurred claims	Total Asset
	Non-loss-recovery component	Loss-recovery component		
Reinsurance contract assets as at 31/12/2021	(112,868)	634	Estimates of the present value of future cash flows	675,715
Reinsurance contract liabilities as at 31/12/2021	(40,589)	-	749,145	(9,786)
Net reinsurance contract assets as at 31/12/2021	(153,457)	634	28,049	665,929
Expenses from reinsurance contracts	(484,660)	-	777,194	-
Income from reinsurance contracts	-	-	-	(484,660)
Amounts recoverable for claims and other expenses incurred in the period	-	-	141,008	146,594
Adjustments for onerous underlying contracts	-	(137)	-	(137)
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(93,024)	(108,119)
Transfer of pre-recognition cash flows	-	-	-	-
Transfer of reinsurance investment components	(8,753)	-	8,753	-
Income / (Expense) from reinsurance contracts	(493,413)	(137)	56,737	(446,322)
Net income / (expense) from reinsurance contracts held	(330,109)	53	24,904	(313,749)
Interest accredited	-	-	6,163	6,163
Effect of changes in interest rates and other financial assumptions	-	-	(16,691)	(16,691)
Effect of changes in the risk of non-performance by reinsurers	-	-	-	-
Net foreign exchange income / (expenses)	-	-	-	-
Reinsurance finance expense from reinsurance contracts held	-	-	(10,528)	(10,528)
Total changes in the statement of comprehensive income	(493,413)	(137)	46,209	(9,509)
Cash flows				
Premiums paid	516,893	-	-	516,893
Amounts received	-	-	(230,160)	(230,160)
Total cash flows	516,893	-	(230,160)	286,733
Net reinsurance contract assets as at 30/09/2022	(129,977)	497	593,243	32,049
Reinsurance contract assets as at 30/09/2022	(79,627)	497	561,993	30,724
Reinsurance contract liabilities as at 30/09/2022	(50,350)	-	31,250	1,325
Net reinsurance contract assets as at 30/09/2022	(129,977)	497	593,243	32,049
				495,812

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

8 Investment properties

Investment properties represent the cost, net of accumulated depreciation and impairment, of properties owned by the Company in Abu Dhabi, Al Ain and Mussafah. Land for the construction of the Abu Dhabi and Al Ain buildings have been allotted free of cost by the Executive Council of Abu Dhabi and land for the construction of Mussafah building is on a long-term lease from the Abu Dhabi Municipality and Urban Planning Department which is classified as right-of-use asset.

9 Statutory deposit

In accordance with the requirements of UAE Federal Law No. (6) of 2007 concerning insurance companies and Agents, the Company maintains a bank deposit of AED 10,000,000 (31 December 2022: AED 10,000,000) which cannot be utilised without the consent of the Central Bank of UAE.

10 Issued and paid-up share capital

	<i>(Unaudited)</i>	<i>(Audited)</i>
	30 September	31 December
	2023	2022
	AED'000	AED'000
Authorised:		
150,000,000 (2022: 150,000,000) shares of AED 1 each	<u>150,000</u>	<u>150,000</u>
Allotted, issued and fully paid:		
150,000,000 (2022: 150,000,000) shares of AED 1 each	<u>150,000</u>	<u>150,000</u>

At the Annual General Meeting held on 28 March 2023, the Shareholders approved a cash dividend in respect of 2022 results amounting to AED 75 million (2021: AED 75 million).

11 Statutory reserves

In accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable reserve until the balance of the reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

12 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors. This reserve may be used for such purposes as the Directors deem fit.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

13 Reinsurance risk reserve

In accordance with Article (34) of the Insurance Authority Decision No. (23) of 2019, an insurance company has to allocate an amount equal to 0.5% of the total reinsurance premiums ceded in all classes in its annual financial statements in order to create a provision for the probability of failure/default of any of the reinsurers. During the period the Company has transferred AED 3.3 million from retained earnings to reinsurance risk reserve. (31 December 2022: AED 3.9 million).

14 Provisions, reinsurance and other payables

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Accruals and other liabilities	18,700	22,881
Deferred income	868	713
Other insurance payables	41,531	12,324
	<hr/> 61,099	<hr/> 35,918
	<hr/> <hr/>	<hr/> <hr/>

15 Related parties

Related parties comprise the Directors of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operational decisions. The Company maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows:

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Due from policy holders (Directors' affiliates) <i>(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)</i>	23,558	18,742
	<hr/> <hr/>	<hr/> <hr/>
Due to policy holders (Directors' affiliates) <i>(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)</i>	3,037	3,080
	<hr/> <hr/>	<hr/> <hr/>

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

15 Related parties (continued)

During the period, the Company entered into the following transactions with related parties:

	(Unaudited) Three-month period ended 30 September 2023	(Unaudited) Three-month period ended 30 September 2022	(Unaudited) Nine-month period ended 30 September 2023	(Unaudited) Nine-month period ended 30 September 2022
	AED'000	AED'000	AED'000	AED'000
Gross premiums written	22,133	20,115	33,100	34,481
	=====	=====	=====	=====
Gross claims paid	367	301	1,313	922
	=====	=====	=====	=====
Board of Directors' remuneration paid	-	-	2,550	2,685
	=====	=====	=====	=====
Remuneration of key management personnel	3,782	4,150	11,648	11,750
	=====	=====	=====	=====

The remuneration of the Board of Directors is subject to approval by the shareholders and as per limits set by the UAE Federal Law No. (32) of 2021 concerning Commercial Companies. The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

16 Net investment income

	(Unaudited) Three-month period ended 30 September 2023	(Unaudited) Three-month period ended 30 September 2022	(Unaudited) Nine-month period ended 30 September 2023	(Unaudited) Nine-month period ended 30 September 2022
	AED'000	AED'000	AED'000	AED'000
Dividends from investments in securities	2,653	4,578	24,455	26,243
Unrealised gain / (loss) on investments measured at fair value through profit or loss	(503)	(6,448)	27,518	(33,565)
Net (loss) / gain on disposal of investments	(629)	(1,963)	(8,274)	582
Interest on bonds	4,659	4,816	14,517	14,062
Interest on bank deposits	2,187	1,084	5,346	1,851
Investment expenses	(595)	(504)	(1,585)	(1,672)
	=====	=====	=====	=====
	7,772	1,563	61,977	7,501
	=====	=====	=====	=====

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

17 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and shares data used in the earnings per share computations:

	(Unaudited) Three-month period ended 30 September 2023 AED'000	(Unaudited) Three-month period ended 30 September 2022 AED'000	(Unaudited) Nine-month period ended 30 September 2023 AED'000	(Unaudited) Nine-month period ended 30 September 2022 AED'000
Profit for the period (AED '000)	27,997 =====	15,040 =====	88,124 =====	49,381 =====
Weighted average number of ordinary shares (shares in '000)	150,000 =====	150,000 =====	150,000 =====	150,000 =====
Earnings per share for the period – basic and diluted (AED)	0.19 =====	0.10 =====	0.59 =====	0.33 =====

18 Commitments and contingent liabilities

	(Unaudited) 30 September 2023 AED'000	(Audited) 31 December 2022 AED'000
Commitments in respect of investments	7,827 =====	18,536 =====
Bank guarantees	4,185 =====	7,855 =====

The above bank guarantees were issued in the normal course of business.

Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

19 Segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, bonds, term deposits with banks and investment properties and other securities.

Primary segment information - Business segments

The following is an analysis of the Company's revenue and results by business segments:

	Nine-month period ended 30 September (Unaudited) (in AED'000)					
	Underwriting		Investments		Total	
	2023	2022	2023	2022	2023	2022
Segment revenue	1,088,739	865,738	64,168	9,733	1,152,907	875,471
Segment result	53,689	68,119	63,209	8,397	116,898	76,516
Unallocated expenses					(28,774)	(27,135)
Profit for the period					88,124	49,381

	Three-month period ended 30 September (Unaudited) (in AED'000)					
	Underwriting		Investments		Total	
	2023	2022	2023	2022	2023	2022
Segment revenue	427,444	303,064	8,471	2,331	435,915	305,395
Segment result	29,092	23,652	8,071	1,795	37,163	25,447
Unallocated expenses					(9,166)	(10,407)
Profit for the period					27,997	15,040

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

19 Segment information (continued)

The following is an analysis of the Company's assets and liabilities by business segments:

	(In AED '000)					
	Underwriting		Investments		Total	
	30 September 2023 (unaudited)	31 December 2022 (Restated)	30 September 2023 (unaudited)	31 December 2022 (Restated)	30 September 2023 (unaudited)	31 December 2022 (Restated)
Segment assets	664,068	492,159	1,572,110	1,523,621	2,236,178	2,015,780
Unallocated assets					75,716	137,748
Total assets					2,311,894	2,153,528
Segment liabilities	1,073,105	986,826	308	1,049	1,073,413	987,875
Unallocated liabilities					19,373	18,111
Total liabilities					1,092,786	1,005,986

20 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

20 Fair value of financial instruments (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 30 September 2023 (Unaudited)				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted UAE equity securities	548,839	508	-	549,347
Unquoted UAE equity securities	-	-	3,092	3,092
Investment funds	137,311	-	8,947	146,258
Unquoted overseas equity securities	-	-	2,922	2,922
Investment in bond portfolio	59,360	-	13,226	72,586
<i>Financial assets measured at fair value through profit or loss</i>				
Quoted UAE equity securities	42,570	-	-	42,570
Unquoted UAE equity securities	-	-	965	965
Investment funds	48,073	7,729	4,193	59,995
Unquoted overseas equity securities	-	-	31,633	31,633
Investment in bond portfolio	138,710	4,956	22,153	165,819
Total	974,863	13,193	87,131	1,075,187
 At 31 December 2022 (Audited)				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted UAE equity securities	535,174	476	-	535,650
Unquoted UAE equity securities	-	-	3,075	3,075
Investment funds	159,132	-	8,671	167,803
Unquoted overseas equity securities	-	-	3,111	3,111
Investment in bond portfolio	40,609	-	13,124	53,733
<i>Financial assets measured at fair value through profit or loss</i>				
Quoted UAE equity securities	32,149	-	-	32,149
Unquoted UAE equity securities	-	-	965	965
Investment funds	53,395	7,227	8,127	68,749
Unquoted overseas equity securities	-	-	27,967	27,967
Investment in bond portfolio	173,965	15,288	16,586	205,839
Total	994,424	22,991	81,626	1,099,041

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period.

The investments in quoted equities and bond portfolio are valued based on quoted prices in an active market and thus these have been classified as Level 1.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

20 Fair value of financial instruments (continued)

For investment in funds, the fair values are based on Net Asset Values (NAV) calculated by the respective fund managers. For investments in unquoted equity securities, the fair values are based on internal valuation techniques such as discounted cash flows and comparable companies' multiples. The valuation of funds and unquoted equity securities qualifies as Level 3 fair value measurement.

Reconciliation of Level 3 fair value measurements

	Financial assets measured at fair value through profit or loss AED'000	Financial assets measured at fair value through other comprehensive income AED'000	Total AED'000
At 30 September 2023 (Unaudited)			
Opening balance	53,645	27,981	81,626
Purchases	4,810	2,526	7,336
Disposals	(3,798)	(1,262)	(5,060)
Total gains or (losses)			
- in profit or loss	4,287	-	4,287
- in other comprehensive income	-	(1,058)	(1,058)
Closing balance	58,944	28,187	87,131
 At 30 September 2022 (Unaudited)			
Opening balance	58,345	28,768	87,113
Purchases	4,798	1,383	6,181
Disposals	(3,189)	(1,196)	(4,385)
Transfers from level 1 to level 3	-	-	-
Total gains or (losses):			
- in profit or loss	(9,930)	-	(9,930)
- in other comprehensive income	-	(1,677)	(1,677)
Closing balance	50,024	27,278	77,302

Following are the fair value of financial assets that are not measured at fair value (but fair value disclosures are required):

	(Unaudited) At 30 September 2023		(Audited) At 31 December 2022	
	Carrying amount AED'000	Fair value AED'000	Carrying amount AED'000	Fair value AED'000
Financial assets				
Investments at amortised cost	279,200	260,928	233,700	224,540

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

20 Fair value of financial instruments (*continued*)

Investments at amortised cost comprise mainly of fixed income bonds and sukuks. The fair value of these bonds and sukuks are determined based on quoted prices in an active market and classified as Level 1 fair value measurement. Except for the above, management consider that the carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair value.

21 Financial risk management

Company's risk management policies with regards to financial instruments are the same as those disclosed in note 34 to the annual financial statements of the Company for the year ended 31 December 2022.

22 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the interim financial period ended 30 September 2023.

Since the corporate tax was introduced only recently, this may create tax risks in UAE that are more significant than in other countries. The Company has assessed the deferred tax implications for the nine months' period ended 30 September 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material. The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

23 Capital risk management

The solvency regulations identify the required solvency margins to be held in addition to insurance liabilities. The solvency margins (presented in the table below) must be maintained at all times throughout the year. The Company is subject to solvency regulations which it has complied with during the period. The Company has incorporated in its policies and procedures, the necessary tests to ensure continuous and full compliance with such regulations.

The table below summaries the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins as defined in the regulations.

Emirates Insurance Company P.J.S.C.

Notes to the condensed interim financial information

23 Capital risk management (*continued*)

	<i>(Unaudited)</i> 30 September 2023 AED '000	<i>(Unaudited)</i> 31 December 2022 AED '000
Minimum Capital Requirement (MCR)	100,000	100,000
	<hr/>	<hr/>
Solvency Capital Requirement (SCR)	311,093	303,514
	<hr/>	<hr/>
Minimum Guarantee Fund (MGF)	109,152	108,832
	<hr/>	<hr/>
Own Funds		
- Basic Own Funds	896,859	798,209
- Ancillary Own Funds	-	-
	<hr/>	<hr/>
Own funds eligible to meet the MCR	896,859	798,209
	<hr/>	<hr/>
MCR Solvency Margin - Surplus	796,859	698,209
	<hr/>	<hr/>
SCR Solvency Margin - Surplus	585,766	494,695
	<hr/>	<hr/>
MGF Solvency Margin - Surplus	787,708	689,377
	<hr/>	<hr/>

24 General

This condensed interim financial information of the Company was approved for issuance by the Board of Directors on 14 November 2023.