

**SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Un-Audited 30-Jun-20 Shs'000	Un-Audited 30-Jun-19 Shs'000
Gross earned premium and fund management fees	14,555,644	12,920,789
Less: reinsurance premium ceded	(2,373,654)	(1,805,116)
<b>Net earned revenue</b>	<b>11,661,990</b>	<b>11,124,653</b>
Investment income	3,636,795	2,724,043
(Losses)/gains on financial assets at fair value through profit or loss	(3,219,680)	2,508,236
Commissions earned	635,582	508,679
Other income	306,604	76,664
<b>Total income</b>	<b>12,943,291</b>	<b>16,942,265</b>
<b>Expenses</b>		
Net insurance claims, increase in policyholder's benefits and loss adjustment expenses	8,109,807	6,830,625
Interest payments/increase in unit value	1,131,574	1,985,660
Operating and other expenses	3,897,380	4,185,422
Finance costs	138,583	21,784
Commissions expense	1,831,083	1,665,656
<b>Total expenses</b>	<b>15,106,557</b>	<b>14,489,047</b>
<b>(Loss)/profit before share of the profit of associate</b>	<b>(2,165,266)</b>	<b>2,473,218</b>
Share of loss of associate	(142,495)	(46,882)
<b>(Loss)/profit before tax</b>	<b>(2,307,762)</b>	<b>2,426,336</b>
Income tax credit/(expense)	673,257	(753,158)
<b>(Loss)/profit for the period</b>	<b>(1,634,505)</b>	<b>1,673,077</b>
(Losses)/gains on revaluation of financial assets at fair value through other comprehensive income	(2,324,034)	497,386
Other items through other comprehensive income	(777,817)	(308,371)
<b>Total other comprehensive (loss)/income</b>	<b>(2,601,851)</b>	<b>189,015</b>
<b>Comprehensive (loss)/income for the period</b>	<b>(4,236,456)</b>	<b>1,862,072</b>
<b>Basic and diluted (losses)/earnings per share (Shs per share)</b>	<b>(0.68)</b>	<b>0.66</b>

**SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

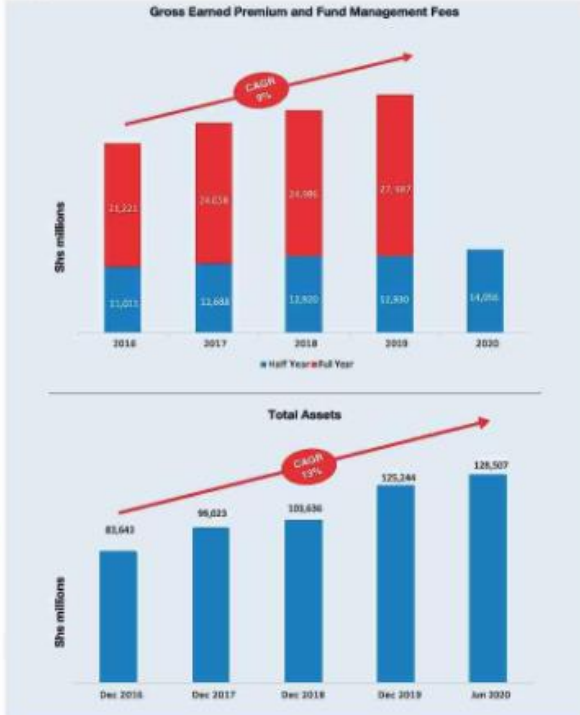
	Un-Audited 30-Jun-20 Shs'000	Audited 31-Dec-19 Shs'000
Share capital	252,344	252,344
Share premium	13,237,451	13,237,451
Other reserves	14,582,126	17,112,694
Retained earnings	(3,012,417)	(1,306,844)
<b>Shareholder's funds</b>	<b>25,060,504</b>	<b>29,295,645</b>
Non-controlling interest	80,666	81,278
<b>Total equity</b>	<b>25,140,370</b>	<b>29,376,926</b>
<b>Assets</b>		
Fixed and intangible assets	2,383,411	3,233,671
Investment assets	108,836,267	107,809,593
Insurance assets	9,845,583	7,371,738
Cash and cash equivalent	1,955,852	986,214
Other assets	4,885,791	5,261,849
<b>Total assets</b>	<b>128,906,804</b>	<b>125,243,565</b>
<b>Liabilities</b>		
Insurance liabilities	94,486,035	85,970,477
Borrowings	3,398,201	2,352,716
Other liabilities	5,592,378	7,534,546
<b>Total liabilities</b>	<b>103,366,614</b>	<b>95,866,739</b>
<b>Net assets</b>	<b>25,140,370</b>	<b>29,376,926</b>

**SUMMARY CONSOLIDATED STATEMENT OF CASHFLOWS**

	Un-Audited 30-Jun-20 Shs'000	Audited 31-Dec-19 Shs'000
<b>Operating activities</b>		
Cash generated from operations	3,949,520	9,482,792
Income tax paid	(219,344)	(504,040)
<b>Net cash generated from operating activities</b>	<b>3,730,176</b>	<b>8,978,752</b>
Net cash used in investing activities	(2,464,066)	(7,530,883)
Net cash from/used in financing activities	1,138,687	(803,809)
<b>Net increase in cash and cash equivalents</b>	<b>2,404,807</b>	<b>853,910</b>
<b>Movement in cash and cash equivalents</b>		
At the start of the year	7,575,311	6,721,401
Increase in cash and cash equivalents	2,404,807	853,910
<b>At end of the period</b>	<b>9,980,118</b>	<b>7,575,311</b>

**SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital Shs'000	Share premium Shs'000	Retained earnings and other reserves Shs'000	Total equity Shs'000
At 1 January 2020	252,344	13,237,451	15,867,201	29,376,926
Loss for the period			(1,634,505)	(1,634,505)
Other comprehensive loss for the period			(2,601,851)	(2,601,851)
At 30 June 2020	252,344	13,237,451	11,660,879	25,140,370



**Commentary on the Group Half Year Results**

The Group recorded a loss before tax of Shs 2.3 billion in the six-month period to 30 June 2020 compared to a profit before tax of Shs 2.4 billion in the same period last year. This reflects the significant adverse impact of Covid-19 on the operating environment particularly on the equities and property investments.

The specific impact of Covid-19 on the business has been mainly in the form of:

- Fair value losses of Shs 3.1 billion following the depressed performance of the stock market as investors' preferences shift to fixed income securities; and
- Property revaluation losses of Shs 929 million due to the depressed property market which has been characterized by low occupancy levels and rental yields.

The Group's operating results remained resilient. Our gross earned revenue was up 9 percent from Shs 12.6 billion for the period to 30 June 2019 to Shs 13.8 billion for the period to 30 June 2020. This increase is mainly attributed to the continued growth of our insurance revenue especially the international general insurance business which recorded an increase in gross earned premium of 34 percent, contributing 23 percent of the Group's gross earned premium and a profit of Shs 575 million.

The Group's operating costs have declined by 5 percent on the back of a 9 percent revenue growth. This drop in costs is attributed to prudent cost control measures.

The life insurance business embedded value as at 30 June 2020 was Shs 17.0 billion, with an annualized return of 9 percent.

Our total assets increased to Shs 128.5 billion, representing a growth of 3 percent from 31 December 2019.

**Other Matters**

The Board of Directors does not recommend the payment of an interim dividend.

The above summary consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, and other disclosures are extracted from the unaudited financial results of the Group which were approved by the Board of Directors on 19 August 2020.

**By Order of the Board:**

Mr. W. Andrew Holas  
Chairman

Dr. Benson I. Wainigi, EBS  
Group Managing Director