

**Orient Insurance PJSC
and its subsidiaries**

**Condensed consolidated interim financial
information**

for the three-month period ended 31 March 2022

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim financial information
for the three month period ended 31 March 2022

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of Orient Insurance PJSC

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial information of Orient Insurance PJSC ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprise:

- the condensed consolidated interim statement of financial position as at 31 March 2022;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2022; and
- notes to the condensed consolidated interim financial information.

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

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 consolidated 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 31 March 2022 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates

Date: 12 May 2022

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

as at

		(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000
Assets			
Property and equipment		93,902	96,922
Investment in an associate	6	-	-
Held to maturity investments	7	215,847	232,342
Available for sale investments	7	1,987,065	1,673,154
Investments carried at fair value through profit and loss	7	495,823	454,443
Insurance balances receivable	10	1,484,548	1,046,421
Statutory deposits	8	130,200	131,256
Reinsurance contract assets	9	3,565,510	3,200,932
Other receivables and prepayments	11	178,505	82,006
Bank deposits	12	2,863,666	2,849,330
Cash and cash equivalents	12	568,993	766,525
Total assets		11,584,059	10,533,331
Equity and Liabilities			
Equity			
Share capital	13	500,000	500,000
Statutory reserve	14	125,000	125,000
Legal reserve	14	250,000	250,000
Exceptional loss reserve	14	333,951	333,951
General reserve	14	1,627,458	1,627,458
Reinsurance risk reserve	14	34,758	27,688
Available for sale investments reserve	14	712,368	580,093
Foreign currency translation reserve	14	(178,656)	(136,664)
Retained earnings		343,571	155,042
Proposed dividends		-	250,000
Capital reserve	14	10,982	10,982
Equity attributable to equity holders of the Company		3,759,432	3,723,550
Non-controlling interests		82,339	72,196
Total equity		3,841,771	3,795,746
Liabilities			
Insurance contract liabilities	9	4,983,650	4,549,866
Unit linked funds reserve		480,782	439,326
Retirement benefit obligation		30,185	29,050
Lease liabilities		7,444	8,749
Reinsurance and other payables	16	1,990,227	1,710,594
Dividend payable	15	250,000	-
Total liabilities		7,742,288	6,737,585
Total liabilities and equity		11,584,059	10,533,331

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34. The condensed consolidated interim financial information of the Group was authorised for issue and approved by the Board of Directors on 12 May 2022 and signed on their behalf by:



 President - Orient Group

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss
for the period ended 31 March

	Notes	(Un-audited)	
		For the three month period ended	
		31 March 2022 AED '000	31 March 2021 AED '000
Gross written premium		1,756,974	1,572,539
Reinsurance share of ceded premiums		(1,256,556)	(1,154,633)
Net premium written		500,418	417,906
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve		(161,061)	(113,323)
Net premium earned		339,357	304,583
Commission income		112,515	91,746
Commission expense		(108,782)	(86,943)
Gross underwriting income		343,090	309,386
Gross claims paid		829,525	584,821
Reinsurance share of claims paid		(635,210)	(405,217)
Net claims paid		194,315	179,604
(Decrease) / increase in provision for outstanding claims		(23,261)	52,453
Increase / (decrease) in reinsurance share of outstanding claims		7,998	(59,093)
Decrease in incurred but not reported claims reserves		(11,201)	(13,144)
Increase in loss adjustment expense reserves		553	1,260
Net claims incurred		168,404	161,080
Net underwriting income		174,686	148,306
Income from investments	18	98,796	87,044
Other income		2,199	19,451
Share of profit from investment in an associate	6	-	364
Total income		275,681	255,165
General and administrative expenses		(72,992)	(54,323)
Profit before tax		202,689	200,842
Income tax expense net of deferred taxes	17	(2,286)	(4,792)
Profit after tax		200,403	196,050
Attributable to:			
Equity holders of the Company		195,599	189,988
Non-controlling interests		4,804	6,062
Total profit for the period		200,403	196,050
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	22	39.12	38.00

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

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Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss and other comprehensive income
for the period ended 31 March

	(Un-audited)	
	For the three month	
	period ended	
	31 March 2022	31 March 2021
	AED '000	AED '000
Profit after tax	200,403	196,050
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods:</i>		
Net unrealised gain from available for sale investments	132,275	25,544
Foreign currency adjustments from translation of foreign operations	(36,653)	(6,345)
Other comprehensive income for the period	95,622	19,199
Total comprehensive income for the period	296,025	215,249
Attributable to:		
Equity holders of the Company	285,882	209,079
Non-controlling interests	10,143	6,170
	296,025	215,249

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

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Orient Insurance PJSC and its subsidiaries
Condensed consolidated interim statement of cash flows
for the period ended 31 March

		(Un-audited)	
		For the three month	
		period ended	
Notes	31 March 2022	31 March 2021	
	AED '000	AED '000	
Cash flows from operating activities			
	202,689	200,842	
Profit before tax for the period			
Adjustments for:			
	2,225	2,106	
	(33,867)	(34,750)	
18			
	(65,005)	(49,546)	
18			
	-	(364)	
6			
	76	(2,748)	
18			
	(88)	(52)	
	115	32	
	-	(17,837)	
21(iii)			
	706	2,575	
	106,851	100,258	
Operating cash flows before movements in working capital			
	(438,833)	(291,361)	
	(364,578)	(510,476)	
	1,800	(10,286)	
	433,784	572,009	
	41,456	42,169	
	276,858	156,815	
	1,135	883	
	58,473	60,011	
	(233)	(6,802)	
17			
	58,240	53,209	
Cash flows from investing activities			
	(580)	(624)	
	24	52	
	-	10,079	
	(13,280)	(45,724)	
	-	(38,919)	
	(57,791)	(42,168)	
	(29,699)	(35,114)	
	(201,803)	(15,225)	
	16,335	-	
	12,442	18,856	
	12,262	15,285	
	43,331	1,164	
	(218,759)	(132,338)	
Cash flows from financing activities			
	(360)	(309)	
	(360)	(309)	
Net cash used in financing activities			
	(160,879)	(79,438)	
	766,525	371,687	
	(36,653)	(6,345)	
	568,993	285,904	
12			
Cash and cash equivalents at 31 March			

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

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Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un-audited)

for the period ended 31 March

Equity Attributable to equity holders of the Company

	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Reinsurance risk reserve AED '000	Available for sale (AFS) investments reserve AED '000	Foreign currency translation reserve AED '000	Capital reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Non- Controlling interests AED '000	Total AED '000
Balance as at 1 January 2022	500,000	125,000	250,000	333,951	1,627,458	27,688	580,093	(136,664)	10,982	155,042	250,000	3,723,550	72,196	3,795,746
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	195,599	-	195,599	4,804	200,403
Other comprehensive loss for the period														
Net unrealised gain from available for sale investments	-	-	-	-	-	-	132,275	-	-	-	-	132,275	-	132,275
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(41,992)	-	-	-	(41,992)	5,339	(36,653)
Total other comprehensive income / (loss)	-	-	-	-	-	-	132,275	(41,992)	-	195,599	-	285,882	10,143	296,025
Transactions with owners directly recorded in equity														
Transfer to reserves	-	-	-	-	-	7,070	-	-	-	(7,070)	-	-	-	-
Dividend payable (note 15)	-	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Balance as at 31 March 2022	500,000	125,000	250,000	333,951	1,627,458	34,758	712,368	(178,656)	10,982	343,571	-	3,759,432	82,339	3,841,771

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un-audited)

for the period ended 31 March

Equity Attributable to equity holders of the Company

	Share capital	Statutory reserve	Legal reserve	Exceptional loss reserve	General reserve	Reinsurance risk reserve	Available for sale (AFS) investments reserve	Foreign currency translation reserve	Retained earnings	Proposed dividend	Total	Non-Controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 1 January 2021	500,000	125,000	250,000	279,867	1,565,492	13,693	457,642	(107,527)	77,401	200,000	3,361,568	60,346	3,421,914
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	189,988	-	189,988	6,062	196,050
Other comprehensive loss for the period													
Net unrealised gain from available for sale investments	-	-	-	-	-	-	25,544	-	-	-	25,544	-	25,544
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(6,453)	-	-	(6,453)	108	(6,345)
Total other comprehensive income / (loss)	-	-	-	-	-	-	25,544	(6,453)	189,988	-	209,079	6,170	215,249
Transactions with owners directly recorded in equity													
Transfer to reserves	-	-	-	-	-	5,104	-	-	(5,104)	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Change in ownership interests													
Acquisition of subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	-	-	31,280	31,280
Balance as at 31 March 2021	500,000	125,000	250,000	279,867	1,565,492	18,797	483,186	(113,980)	262,285	-	3,370,647	97,796	3,468,443

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information

1 Legal status and principal activities

Orient Insurance PJSC (the "Company") was incorporated with limited liability on 22 July 1980 in the Emirate of Dubai by a decree of His Highness The Ruler of Dubai and commenced operations on 1 January 1982. The Company was registered in accordance with the UAE Federal Law No. 9 of 1984, as amended, ("The Insurance Companies Law") on 29 December 1984 with registration No. 14. On 2 May 1988 the Company was converted into a public shareholding company in accordance with the requirements of the Insurance Companies Law and has been registered under UAE Federal Law No. (2) of 2015, as amended, relating to commercial companies. The shares of the Company are listed on the Dubai Financial Market. The Company is subject to the regulations of UAE Federal Law No. 6 of 2007, on Establishment of Insurance Authority and organisation of its operations. The registered address of the Company is P.O. Box 27966, Dubai, United Arab Emirates.

Furthermore, the Company is required, for the period ended 31 March 2022, to be in compliance with the provisions of the UAE Federal Law No.2 of 2015, as amended. On 20 September 2021, the UAE Federal Decree Law No.32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No.2 of 2015 (as amended). The Company has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

The Company engages in the business of issuing short term insurance contracts in connection with Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical (collectively referred to as General Insurance) and Group Life and Individual Life classes (collectively referred to as Life Insurance). The Company also invests its funds in investment securities and deposits with financial institutions.

The condensed consolidated interim financial information incorporate the condensed interim financial information of the Company and its subsidiaries (collectively referred to as "the Group"). Details of the subsidiaries are as follows:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership</i>	
			<i>2022</i>	<i>2021</i>
Arab Orient Insurance Company	General and life insurance	Syria	40%	40%
Orient Takaful Insurance Company (S.A.E)	General insurance	Egypt	80%	80%
Orient Insurance Limited	General insurance	Srilanka	100%	100%
Orient Sigorta Anomin Sirketi	General insurance	Turkey	100%	100%
Orient UNB Takaful P.J.S.C. (note 21)	General insurance	UAE	84%	84%

The holding company of the Group is Al Futtaim Development Services Company which is based in Dubai, United Arab Emirates and has control over the Group. The ultimate holding company of the Group is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

Arab Orient Insurance Company

Although the Company owns 40% of Arab Orient Insurance Company, the Company maintains control over the entity as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns due to additional share holding by the ultimate holding company. Accordingly, management has determined that the Group controls the entity.

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

2 Basis of preparation (continued)

b) Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

- i) available for sale investments ("AFS"); and
- ii) financial assets at fair value through profit or loss ("FVTPL").

c) Functional and presentation currency

These condensed consolidated interim financial information are presented in U.A.E. Dirhams ("AED") rounded to the nearest thousand, since that is the currency in which the majority of the Group's transactions are denominated.

d) Use of estimates and judgments

The preparation of condensed consolidated interim financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

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

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and estimation of key sources of uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2021.

e) Impact of COVID-19

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain the spread of the virus.

This note outlines the steps taken by the Group to estimate the impact of COVID-19 and the judgements applied by management in assessing the values of assets and liabilities as at 31 March 2022.

Insurance risk

In its underwriting segment, the Group is primarily exposed to medical and business interruption policies. The Health Authority in Dubai has instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Group anticipates that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Group has in place pandemic and infectious disease policy exclusions as well. The Group has evaluated all business interruption policies in force for which the Group may have to incur claim payouts. As a result of initial examination of the policies, the Group has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Group and specific policy exclusions. Furthermore, the Group has been able to retain major customers during the period and has generally witnessed renewals and new business across major lines of businesses.

Credit risk

The Group has robust governance in place to ensure the appropriateness of provision against doubtful insurance balance receivables and the resultant estimates are being reviewed continuously by the management.

Liquidity risk management

In response to the COVID-19 outbreak, the Group continues to monitor and respond to all liquidity requirements that are presented. The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress. As at the reporting date the liquidity position of the Group remains strong and is well placed to absorb and manage the impacts of this disruption.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

3 Significant accounting policies

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2021.

4 Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2021.

5 Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed consolidated interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

6 Investment in an associate

On 16 March 2021, the Group's equity interest in its associate, Orient UNB Takaful PJSC ("Orient UNB"), increased from 35% to 84% and accordingly Orient UNB has become a subsidiary from that date (see note 21). Orient UNB is a public shareholding company registered and incorporated in UAE. Orient UNB commenced its commercial operations in 2017. The principal activity of the company is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The company also invests its funds in deposits.

Following is the movement in investment in associate:

	(Un-audited)	(Audited)
	31 March	31 December
	2022	2021
	AED'000	AED'000
Balance as at 1 January	-	67,635
Group's share of net profit for the period / year	-	364
Transferred to investment in subsidiaries (note 21(iii))	-	(67,999)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

7 Investment securities

At 31 March 2022 (Un-audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Quoted equity securities in UAE	-	1,240,625	15,042	1,255,667
Quoted debt security in UAE	-	727,201		727,201
Unquoted equity securities outside UAE		1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	125,240	125,240
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	355,541	355,541
Total equity securities	-	1,967,827	495,823	2,463,650
Total other invested assets	215,847	19,238	-	235,085
Total	215,847	1,987,065	495,823	2,698,735

At 31 December 2021 (Audited)	Held to maturity AED '000	Available for sale AED '000	Fair value through profit and loss AED '000	Total AED '000
Quoted equity securities in UAE	-	1,443,455	15,118	1,458,573
Quoted debt security in UAE	-	209,057	-	209,057
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	107,729	107,729
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	331,596	331,596
Total equity securities	-	1,652,513	454,443	2,106,956
Total other invested assets	232,342	20,641	-	252,983
Total	232,342	1,673,154	454,443	2,359,939

8 Statutory deposits

	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000
a) Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No.6 of 2007	20,000	20,000
b) Amounts under lien with Capital Market Authority, Sultanate of Oman	57,744	57,744
c) Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	544	544
d) Amounts under lien with Insurance Authority Syria	37	37
e) Amounts under lien with Egyptian Financial Supervisory	30,750	32,187
f) Amounts under lien with Turkish Treasury	14,307	13,942
f) Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No.6 of 2007 - UNB TAKAFUL	6,000	6,000
g) Amounts under lien with Central Bank of Bahrain	818	802
	130,200	131,256

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

9 Insurance contract liabilities and reinsurance contract assets

Three-month period ended 31 March (un-audited)

	Gross		Reinsurers' share		Net	
	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000
Gross premiums	1,756,974	1,572,539	(1,256,556)	(1,154,633)	500,418	417,906
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(562,483)	(497,244)	401,422	383,921	(161,061)	(113,323)
Net premium earned	<u>1,194,491</u>	<u>1,075,295</u>	<u>(855,134)</u>	<u>(770,712)</u>	<u>339,357</u>	<u>304,583</u>
	Gross		Reinsurers' share		Net	
	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000
Unearned premium reserve	2,347,868	1,908,254	(1,770,869)	(1,388,492)	576,999	519,762
Mathematical premium reserve	460,509	410,120	(26,939)	(26,393)	433,570	383,727
	<u>2,808,377</u>	<u>2,318,374</u>	<u>(1,797,808)</u>	<u>(1,414,885)</u>	<u>1,010,569</u>	<u>903,489</u>
Outstanding claims	1,487,570	1,492,143	(1,254,429)	(1,242,538)	233,141	249,605
Incurred but not reported reserve	649,652	702,285	(492,914)	(524,057)	156,738	178,228
Allocated loss adjustment expense reserve	25,224	23,996	(20,359)	(19,452)	4,865	4,544
Unallocated loss adjustment expense reserve	12,827	13,068	-	-	12,827	13,068
	<u>2,175,273</u>	<u>2,231,492</u>	<u>(1,767,702)</u>	<u>(1,786,047)</u>	<u>407,571</u>	<u>445,445</u>
	<u>4,983,650</u>	<u>4,549,866</u>	<u>(3,565,510)</u>	<u>(3,200,932)</u>	<u>1,418,140</u>	<u>1,348,934</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

10 Insurance balances receivable

	(Un-audited)	(Audited)
	31 March	31 December
	2022	2021
	AED '000	AED '000
Inside UAE:		
Due from policyholders	1,145,986	765,604
Due from insurance / reinsurance companies	34,495	56,147
	<u>1,180,481</u>	<u>821,751</u>
Outside UAE:		
Due from policyholders	212,576	144,429
Due from insurance / reinsurance companies	138,381	126,425
	<u>350,957</u>	<u>270,854</u>
Total insurance balances receivable	1,531,438	1,092,605
Less: Allowance for doubtful debts	(46,890)	(46,184)
	<u><u>1,484,548</u></u>	<u><u>1,046,421</u></u>

11 Other receivables and prepayments

	(Un-audited)	(Audited)
	31 March	31 December
	2022	2021
	AED '000	AED '000
Receivable from employees	6,124	2,980
Refundable deposits	9,092	9,525
Prepayments	27,314	26,464
Deferred tax asset	2,754	3,327
Accrued interest	110,341	20,886
Others	22,880	18,824
	<u>178,505</u>	<u>82,006</u>

12 Cash and bank balances

	(Un-audited)	(Audited)
	31 March	31 December
	2022	2021
	AED '000	AED '000
Bank balances and cash	302,768	697,591
Deposits with banks maturing within three months	266,225	68,934
Cash and cash equivalents	568,993	766,525
Bank deposits maturing after three months	2,863,666	2,849,330
	<u>3,432,659</u>	<u>3,615,855</u>
Cash and bank balances:		
Inside UAE:	3,165,952	2,995,553
Outside UAE:	266,707	620,302
	<u>3,432,659</u>	<u>3,615,855</u>

Bank balances include AED 4,366 thousand (31 December 2021: AED 5,918 thousand) under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from 0.02% - 18.25% (31 December 2021: 0.04% - 19.00%) per annum.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

13 Share capital

	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000
Issued and fully paid 5,000,000 shares of AED 100 each (2021: 5,000,000 shares of AED 100 each)	500,000	500,000

14 Reserves

Nature and purpose of reserves

- Statutory reserve

In accordance with the Company's Articles of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 25% of its paid up capital. Accordingly no transfer to statutory reserve has been made during the period. The reserve can be used for any purpose to be decided by the shareholders upon the recommendation of the Board of Directors.

- Legal reserve

In accordance with the Federal Law no. (2) of 2015 ("the Law") and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the legal reserve. The Group may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital which occurred in 2016. The reserve is not available for distribution except in the circumstances stipulated by the law.

- Exceptional loss reserve

For UAE operations, an amount equal to 10% of the net underwriting income for the year is to be transferred to an exceptional loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years. No transfer has been made during the three month period to 31 March 2022, as this will be based on the results for the year.

For Oman operations, an amount equal to 10% of the outstanding claims (Non-life) for the year and 1% of gross premiums for life assurance is transferred to a contingency loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years for the Oman branch.

- General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

- Reinsurance risk reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Insurance Authority shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Director General. The Director General may agree to cease these allocations when the accumulated amount reaches an acceptable limit. Accordingly, an amount of AED 7,070 thousand has been recorded in equity as a reinsurance risk reserve during the three month period ended 31 March 2022.

- Available-for-sale investments reserve

This reserve records fair value changes on available-for-sale financial assets.

- Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

- Capital reserve

The capital reserve has created against additional 20% shares purchased from Orient Egypt.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

15 Dividend payable

Dividend of AED 50 per share (totaling AED 250 million) relating to the year 2021 as declared upon approval of the shareholders at the Annual General Meeting held on 18 March 2022.

16 Reinsurance and other payables

	(Un-audited)	(Audited)
	31 March	31 December
	2022	2021
	AED '000	AED '000
Payables – Inside UAE	745,119	648,786
Payables – Outside UAE	1,245,108	1,061,808
	<u>1,990,227</u>	<u>1,710,594</u>
Inside UAE:		
Insurance and reinsurance companies payable	243,191	214,053
Payable to agents and brokers	85,566	57,874
Payable to employees	33,653	29,634
Other payables	382,709	347,225
	<u>745,119</u>	<u>648,786</u>
Outside UAE:		
Insurance and reinsurance companies payable	1,014,303	834,560
Payable to agents and brokers	27,587	285
Payable to employees	2,796	2,630
Other payables	200,422	224,333
	<u>1,245,108</u>	<u>1,061,808</u>

17 Income taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Sultanate of Oman, Egypt, Syria, Turkey and Sri Lanka and are subject to income tax in these countries.

The component of income tax recognised in the condensed consolidated interim statement of profit or loss is as follows:

	(Un-audited)	(Un-audited)
	31 March	31 March
	2022	2021
	AED '000	AED '000
Current income tax expense	3,005	4,866
Deferred taxes	(719)	(74)
Total	<u>2,286</u>	<u>4,792</u>
	(Un-audited)	(Audited)
	31 March	31 December
	2022	2021
	AED '000	AED '000
As at 1 January	17,265	14,741
Provisions during the period	3,005	15,084
Less: payments	(233)	(12,501)
Exchange differences	(2,530)	(59)
Balance as at the end of the period / year	<u>17,507</u>	<u>17,265</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

18 Income from investments

	(Un-audited) 31 March 2022 AED '000	(Un-audited) 31 March 2021 AED '000
Interest income	33,867	34,750
Dividend income	65,005	49,546
Fair value (loss) / gain on investments carried at fair value through profit or loss	(76)	2,748
	<u>98,796</u>	<u>87,044</u>

19 Commitments and contingent liabilities

	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000
a) Commitments		
Commitment for investments	-	-

b) Contingent liabilities

At 31 March 2022, guarantees, other than those relating to claims for which provisions are held, amounting to AED 60,206 thousand (31 December 2021: AED 57,861 thousand) had been issued on behalf of the Group by its banker's in the ordinary course of business.

20 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

20 Fair value of financial instruments (continued)

31 March 2022 (Un-audited)

<u>Financial assets</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<u>Financial assets held-for-trading:</u>				
Equity securities	15,042	-	-	15,042
Investments held on behalf of policy holders of unit linked products	480,781	-	-	480,781
	495,823	-	-	495,823
<u>Available-for-sale financial assets:</u>				
Banking sector	1,236,288	727,201	-	1,963,489
Other sector	23,576	-	-	23,576
	1,259,864	727,201	-	1,987,065

31 December 2021 (Audited)

<u>Financial assets</u>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<u>Financial assets held-for-trading:</u>				
Equity securities	15,116	-	-	15,116
Investments held on behalf of policy holders of unit linked products	439,327	-	-	439,327
	454,443	-	-	454,443
<u>Available-for-sale financial assets:</u>				
Banking Sector	1,077,726	570,854	-	1,648,580
Other Sector	24,574	-	-	24,574
	1,102,300	570,854	-	1,673,154

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

31 March 2022 (Un-audited)

	At 1 January 2022 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 31 March 2022 AED '000
<u>Available-for-sale financial assets:</u>					
Other sectors	-	-	-	-	-
Total	-	-	-	-	-

31 December 2021 (Audited)

	At 1 January 2021 AED '000	Purchase AED '000	Sales AED '000	Total gain or loss recorded in equity AED '000	At 31 December 2021 AED '000
<u>Available-for-sale financial</u>					
Other sectors	35,237	-	(61,424)	26,187	-
Total	35,237	-	(61,424)	26,187	-

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

21 Acquisition of subsidiary

On 16 March 2021, the Group acquired an additional 49% of the shares and voting interests in Orient UNB Takaful PJSC ("Orient UNB"). As a result, the Group's equity interest in Orient UNB increased from 35% to 84%, obtaining control of Orient UNB.

From the date of acquisition, Orient UNB contributed gross written premium of AED 332,096 thousand and profit after tax of AED 14,378 thousand to the Group's results. If the acquisition had occurred on 1 January 2021, management estimates that consolidated gross written premium would have been AED 401 million, and consolidated profit after tax for the period would have been AED 15 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

i Purchase consideration

During the last quarter of 2021, the valuation exercise was completed and the acquisition date fair value of net assets and non-controlling interests were changed from their provisional amounts to fair valued amounts as per ifrs 3 business combinations. As a result there was a negative good will to Orient Insurance of AED 18.3 million compared to the provisional amount of AED 17.8 million.

The purchase consideration (also referred to as "purchase price") of the acquisition has been allocated to the assets acquired and liabilities assumed using their valuation fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of Orient UNB – based on their respective fair values as of 16 March 2021 is presented below.

Against the acquisition of additional equity share, the Group has transferred cash consideration amounting to AED 77,170 thousand.

ii Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of

	(Un-audited) AED '000
Property and equipment	4,940
Insurance balances receivable	141,743
Statutory deposits	6,000
Reinsurance contract assets	247,993
Other receivables and prepayments	8,064
Bank deposits	241,080
Cash and cash equivalents	38,251
Insurance contract liabilities	(310,880)
Retirement benefit obligation	(1,195)
Lease liabilities	(3,395)
Reinsurance and other payables	(178,315)
	<u>194,286</u>

iii Bargain purchase

Bargain purchase arising from the acquisition has been recognised as follows:

	(Un-audited) AED '000
Fair value of identifiable net assets	194,286
Fair value of pre-existing interest in Orient UNB	(67,999)
Fair value of consideration transferred	(77,170)
NCI, based on their proportionate interest in the recognised amounts of the	(31,280)
	<u>17,837</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

22 Basic and diluted earnings per share attributable to equity holders of the Company

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	(Un-audited)	(Un-audited)
	31 March	31 March
	2022	2021
	AED '000	AED '000
Profit after tax for the period	200,403	196,050
Less : Attributable to non-controlling interests	(4,804)	(6,062)
Profit attributable to shareholders	195,599	189,988
Weighted average number of shares outstanding during the period ('000)	5,000	5,000
Earnings per share (AED)	39.12	38.00

There is no dilution effect to the basic earnings per share.

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

23 Segment information

Identification of reportable segments

For management purposes the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment comprises motor, marine, fire, engineering, general accident and medical.
- The life segment includes individual and group life insurance.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates. Operating segment information is presented below:

	General insurance		Life insurance		Total	
	(Un-audited) 31 March 2022 AED '000	(Un-audited) 31 March 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Un-audited) 31 March 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Un-audited) 31 March 2021 AED '000
Total premiums written	1,560,463	1,443,904	196,511	128,635	1,756,974	1,572,539
Gross underwriting income	303,838	273,231	39,252	36,155	343,090	309,386
Net underwriting income	155,811	128,147	18,875	20,159	174,686	148,306
General and administration expenses	(63,209)	(41,042)	(9,783)	(13,281)	(72,992)	(54,323)
Net technical profit	92,602	87,105	9,092	6,878	101,694	93,983
Investment and other income					100,995	106,859
Profit before tax					202,689	200,842
Income tax expense net of deferred taxes					(2,286)	(4,792)
Profit after tax					200,403	196,050

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

23 Segment information (continued)

Details of segment assets and liabilities is presented below:

	General insurance		Life insurance		Investments		Total	
	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 31 March 2022 AED '000	(Audited) 31 December 2021 AED '000
Segment assets	5,440,815	4,745,970	450,643	446,836	5,692,601	5,340,525	11,584,059	10,533,331
Segment liabilities	6,367,359	5,466,253	1,374,929	1,271,332	-	-	7,742,288	6,737,585