

**Orient Insurance PJSC
and its subsidiaries**

**Condensed consolidated interim financial
information**

for the nine-month period ended 30 September 2022

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim financial information

for the nine-month period ended 30 September 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 30 September 2022 condensed consolidated interim financial information of Orient Insurance PJSC ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2022;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2022;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2022; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this 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 30 September 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: **02 NOV 2022**

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

as at

		(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
Assets			
Property and equipment		89,817	96,922
Investment in an associate	6	-	-
Held to maturity investments	7	263,525	232,342
Available for sale investments	7	1,888,542	1,673,154
Investments carried at fair value through profit and loss	7	499,455	454,443
Insurance balances receivable	10	1,419,292	1,046,421
Statutory deposits	8	117,797	131,256
Reinsurance contract assets	9	3,633,425	3,200,932
Other receivables and prepayments	11	182,517	82,006
Bank deposits	12	3,023,471	2,849,330
Cash and cash equivalents	12	505,533	766,525
Total assets		11,623,374	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	1,626,237	1,627,458
Reinsurance risk reserve	14	44,946	27,688
Available for sale investments reserve	14	619,182	580,093
Foreign currency translation reserve	14	(188,130)	(136,664)
Retained earnings		550,457	155,042
Proposed dividends	15	-	250,000
Capital reserve	14	17,910	10,982
Equity attributable to equity holders of the Company		3,879,553	3,723,550
Non-controlling interests		47,775	72,196
Total equity		3,927,328	3,795,746
Liabilities			
Insurance contract liabilities	9	5,249,714	4,549,866
Unit linked funds reserve		486,287	439,326
Retirement benefit obligation		32,354	29,050
Lease liabilities		5,984	8,749
Reinsurance and other payables	16	1,921,707	1,710,594
Total liabilities		7,696,046	6,737,585
Total liabilities and equity		11,623,374	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 2 November 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 30 September

		(Un-audited) For the three-month period ended		(Un-audited) For the nine-month period ended	
	Notes	30 September 2022 AED '000	30 September 2021 AED '000	30 September 2022 AED '000	30 September 2021 AED '000
Gross written premium	9	1,352,361	911,024	4,598,846	3,825,301
Reinsurance share of ceded premiums		(907,796)	(569,712)	(3,087,814)	(2,555,725)
Net premium written		444,565	341,312	1,511,032	1,269,576
Net movement in provision for unearned premiums, mathematical premium reserve and unit-linked funds reserve	9	(92,430)	(60)	(481,063)	(297,006)
Net premium earned		352,135	341,252	1,029,969	972,570
Commission income		74,500	66,963	275,295	246,065
Commission expense		(90,777)	(84,529)	(301,453)	(261,994)
Gross underwriting income		335,858	323,686	1,003,811	956,641
Gross claims paid		645,977	634,612	2,078,640	2,047,643
Reinsurance share of claims paid		(456,922)	(441,660)	(1,521,993)	(1,510,321)
Net claims paid		189,055	192,952	556,647	537,322
Increase in provision for outstanding claims		69,227	77,775	24,863	23,285
Increase in reinsurance share of outstanding claims		(59,280)	(70,055)	(33,660)	(9,370)
Increase / (decrease) in incurred but not reported claims reserves		6,434	(7,574)	(5,894)	(18,856)
Increase / (decrease) in loss adjustment expense reserves		139	(300)	319	1,084
Net claims incurred		205,575	192,798	542,275	533,465
Net underwriting income		130,283	130,888	461,536	423,176
Income from investments	18	42,002	34,416	187,973	164,307
Other income		3,510	1,497	7,197	22,450
Share of profit from investment in an associate	6	-	-	-	365
Total income		175,795	166,801	656,706	610,298
General and administrative expenses		(70,965)	(72,178)	(225,709)	(196,893)
Profit before tax		104,830	94,623	430,997	413,405
Income tax expense net of deferred taxes	17	(4,958)	(4,895)	(10,780)	(13,266)
Profit after tax		99,872	89,728	420,217	400,139
Attributable to:					
Equity holders of the Company		98,140	86,869	411,422	383,563
Non-controlling interests		1,732	2,859	8,795	16,576
Total profit for the period		99,872	89,728	420,217	400,139
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	22	19.63	17.37	82.28	76.71

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 and other comprehensive income
for the period ended 30 September

	(Un-audited) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30 September 2022	30 September 2021	30 September 2022 AED '000	30 September 2021 AED '000
Profit after tax	99,872	89,728	420,217	400,139
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	12,433	7,871	39,089	42,864
Foreign currency adjustments from translation of foreign operations	(11,254)	(1,589)	(59,301)	(14,140)
Other comprehensive income / (loss) for the period	1,179	6,282	(20,212)	28,724
Total comprehensive income for the period	101,051	96,010	400,005	428,863
Attributable to:				
Equity holders of the Company	100,757	93,255	399,045	414,502
Non-controlling interests	294	2,755	960	14,361
	101,051	96,010	400,005	428,863

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 30 September

		(Un-audited)	
		For the nine-month	
		period ended	
Notes	30 September 2022	30 September 2021	
	AED '000	AED '000	
Cash flows from operating activities			
	430,997	413,405	
Profit before tax for the period			
Adjustments for:			
Depreciation	6,083	6,739	
Interest income	18 (121,234)	(112,837)	
Dividend income	18 (68,687)	(49,546)	
Share of profit from equity accounted investee	6 -	(365)	
Provision for employees' end of service benefits	4,957	3,541	
Unrealised loss / (gain) on investments at fair value through profit or loss	18 1,948	(1,924)	
Gain on sale of property and equipment	(316)	-	
Amortisation of investment	1,216	404	
Finance cost on lease liabilities	288	84	
Gain on bargain purchase	21(iii) -	(17,836)	
Allowance for doubtful debts	(1,945)	351	
Operating cash flows before movements in working capital	253,307	242,016	
Increase in insurance receivables	(370,926)	(30,118)	
Increase in reinsurance contract assets	(432,493)	(201,513)	
Decrease/(Increase) in other receivables and prepayments	(26,188)	(38,767)	
Increase in other insurance contract liabilities	699,848	362,081	
Increase in unit linked funds reserve	46,961	157,118	
Increase in reinsurance and other payables	209,909	25,303	
Cash generated from operating activities	380,418	516,120	
Income tax paid	17 (10,474)	(6,217)	
Employees' end of service benefits paid	(1,653)	(1,575)	
Net cash generated from operating activities	368,291	508,328	
Cash flows from investing activities			
Purchase of property and equipment	(1,245)	(2,258)	
Proceeds from sale of property and equipment	55	119	
Interest received	49,659	37,152	
Dividend received	65,097	49,546	
Deposits with bank	(160,682)	(129,675)	
Acquisition of subsidiary - net of cash acquired	(18,452)	(38,919)	
Net purchase of investments carried at fair value through profit and loss	(137,930)	(157,117)	
Purchase of held to maturity investments	(167,950)	(73,610)	
Purchase of available-for-sale investments	(227,868)	(388,697)	
Sale of trading securities	90,969	-	
Sale of held to maturity investments	82,034	53,831	
Sale of available-for-sale investments	41,519	80,212	
Foreign exchange differences	66,246	1,618	
Net cash used in investing activities	(318,548)	(567,798)	
Cash flows from financing activities			
Dividend paid	(250,000)	(200,000)	
Payment of lease liabilities	(1,434)	(491)	
Net cash used in financing activities	(251,434)	(200,491)	
Net decrease in cash and cash equivalents	(201,691)	(259,961)	
Cash and cash equivalents at 1 January	766,525	371,687	
Movement in foreign currency translation reserve	(59,301)	(14,140)	
Cash and cash equivalents at 30 September	505,533	97,586	

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 changes in equity (Un-audited)

for the period ended 30 September

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	-	-	-	-	-	-	-	-		411,422	-	411,422	8,795	420,217
Other comprehensive loss for the period														
Net unrealised gain from available for sale investments	-	-	-	-	-	-	39,089	-		-	-	39,089	-	39,089
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(51,466)		-	-	(51,466)	(7,835)	(59,301)
Total other comprehensive income / (loss)	-	-	-	-	-	-	39,089	(51,466)		411,422	-	399,045	960	400,005
Transactions with owners directly recorded in equity														
Capital Reserve (note 21 (iii))									6,928			6,928		6,928
Transfer to reserves	-	-	-	-	(1,221)	17,258	-	-	-	(16,007)	-	30	(25,381)	(25,351)
Dividend paid (note 15)	-	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Balance as at 30 September 2022	500,000	125,000	250,000	333,951	1,626,237	44,946	619,182	(188,130)	17,910	550,457	-	3,879,553	47,775	3,927,328

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 30 September

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	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Non- Controlling interests AED '000	Total 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	-	-	-	-	-	-	-	-	383,563	-	383,563	16,576	400,139
Other comprehensive loss for the period													
Net unrealised gain from available for sale investments	-	-	-	-	-	-	42,864	-	-	-	42,864	-	42,864
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(11,925)	-	-	(11,925)	(2,215)	(14,140)
Total other comprehensive income / (loss)	-	-	-	-	-	-	42,864	(11,925)	383,563	-	414,502	14,361	428,863
Transactions with owners directly recorded in equity													
Transfer to reserves	-	-	-	-	-	10,590	-	-	(10,590)	-	-	-	-
Dividend paid (note 15)	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Change in ownership interests													
Acquisition of subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	-	-	31,280	31,280
Balance as at 30 September 2021	500,000	125,000	250,000	279,867	1,565,492	24,283	500,506	(119,452)	450,374	-	3,576,070	105,987	3,682,057

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.

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 Takaful P.J.S.C. (note 21)	General insurance	UAE	95.78%	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).

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:

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

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

2 Basis of preparation (continued)

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 30 September 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)

2 Basis of preparation (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 Takaful PJSC (formerly 'Orient UNB Takaful PJSC'), increased from 35% to 84% and accordingly Orient Takaful PJSC has become a subsidiary from that date (see note 21). Orient Takaful PJSC is a public shareholding company registered and incorporated in UAE. Orient Takaful PJSC 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)
	30 September	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	-	365
Transferred to investment in subsidiaries (note 21(iii))	-	(68,000)
	<u>-</u>	<u>-</u>

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

7 Investment securities

At 30 September 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	-	1,193,104	13,168	1,206,272
Quoted debt securities in UAE	-	685,235		685,235
Unquoted equity securities outside UAE		1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	97,712	97,712
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	388,575	388,575
Total equity securities	-	1,878,340	499,455	2,377,795
Total other invested assets	263,525	10,202	-	273,727
Total	263,525	1,888,542	499,455	2,651,522

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	-	1,081,658	15,116	1,096,774
Quoted debt securities in UAE	-	570,854	-	570,854
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	107,731	107,731
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) 30 September 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	10,000	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 Authority	21,001	32,187
f) Amounts under lien with Turkish Treasury	21,653	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 - Orient Takaful PJSC	6,000	6,000
g) Amounts under lien with Central Bank of Bahrain	818	802
	117,797	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

Nine-months period ended 30 September (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	4,598,846	3,825,301	(3,087,814)	(2,555,725)	1,511,032	1,269,576
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	(893,709)	(473,334)	412,646	176,328	(481,063)	(297,006)
Net premium earned	3,705,137	3,351,967	(2,675,168)	(2,379,397)	1,029,969	972,570

	Gross		Reinsurers' share		Net	
	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
Unearned premium reserve	2,439,571	1,908,254	(1,771,411)	(1,388,492)	668,160	519,762
Mathematical premium reserve	567,156	410,120	(28,154)	(26,393)	539,002	383,727
	3,006,727	2,318,374	(1,799,565)	(1,414,885)	1,207,162	903,489
Outstanding claims	1,499,801	1,492,143	(1,270,177)	(1,242,538)	229,624	249,605
Incurred but not reported reserve	706,744	702,285	(544,699)	(524,057)	162,045	178,228
Allocated loss adjustment expense reserve	23,931	23,996	(18,984)	(19,452)	4,947	4,544
Unallocated loss adjustment expense reserve	12,511	13,068	-	-	12,511	13,068
	2,242,987	2,231,492	(1,833,860)	(1,786,047)	409,127	445,445
	5,249,714	4,549,866	(3,633,425)	(3,200,932)	1,616,289	1,348,934

Orient Insurance PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

10 Insurance balances receivable

	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
Inside UAE:		
Due from policyholders	977,483	765,604
Due from insurance / reinsurance companies	136,619	56,147
	<u>1,114,102</u>	<u>821,751</u>
Outside UAE:		
Due from policyholders	196,091	144,429
Due from insurance / reinsurance companies	153,338	126,425
	<u>349,429</u>	<u>270,854</u>
Total insurance balances receivable	1,463,531	1,092,605
Less: Allowance for doubtful debts	(44,239)	(46,184)
	<u>1,419,292</u>	<u>1,046,421</u>

11 Other receivables and prepayments

	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
Receivable from employees	6,426	2,980
Refundable deposits	10,560	9,525
Prepayments	43,666	26,464
Deferred tax asset	2,249	3,327
Accrued interest	92,461	20,886
Others	27,155	18,824
	<u>182,517</u>	<u>82,006</u>

12 Cash and bank balances

	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
Bank balances and cash	367,189	697,591
Deposits with banks maturing within three months	138,344	68,934
Cash and cash equivalents	505,533	766,525
Bank deposits maturing after three months	<u>3,023,471</u>	<u>2,849,330</u>
	<u>3,529,004</u>	<u>3,615,855</u>
Cash and bank balances:		
Inside UAE:	3,277,502	2,995,553
Outside UAE:	251,502	620,302
	<u>3,529,004</u>	<u>3,615,855</u>

Bank balances include AED 2,578 thousand (31 December 2021: AED 5,918 thousand) under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from 0.50% - 26.00% (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)	(Audited)
	30 September	31 December
	2022	2021
	AED '000	AED '000
Issued and fully paid 5,000,000 shares of AED 100 each <i>(2021: 5,000,000 shares of AED 100 each)</i>	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 30 September 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 Central Bank UAE 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 17,258 thousand has been recorded in equity as a reinsurance risk reserve during the nine month period ended 30 September 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 been 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 financial year ended 31 December 2021 (31 December 2020: 40 per share amounting to AED 200 million) was declared upon approval of the shareholders at the Annual General Meeting held on 18 March 2022 (31 December 2021: held on 17 March 2021 relating to results of the year ended 31 December 2020).

16 Reinsurance and other payables

	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
Payables – Inside UAE	717,091	648,786
Payables – Outside UAE	1,204,616	1,061,808
	<u>1,921,707</u>	<u>1,710,594</u>
Inside UAE:		
Insurance and reinsurance companies payable	342,866	214,053
Payable to agents and brokers	62,391	57,874
Payable to employees	27,832	29,634
Other payables	284,002	347,225
	<u>717,091</u>	<u>648,786</u>
Outside UAE:		
Insurance and reinsurance companies payable	946,180	834,560
Payable to agents and brokers	159	285
Payable to employees	3,686	2,630
Other payables	254,591	224,333
	<u>1,204,616</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) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30 September 2022 AED '000	30 September 2021 AED '000	30 September 2022 AED '000	30 September 2021 AED '000
Current income tax expense	4,718	3510	11,676	10,414
Deferred taxes	240	1385	(896)	2,852
Total	<u>4,958</u>	<u>4,895</u>	<u>10,780</u>	<u>13,266</u>
			(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
As at 1 January			17,265	14,741
Provisions during the period			11,676	15,084
Less: payments			(10,474)	(12,501)
Exchange differences			(3,353)	(59)
Balance as at the end of the period / year			<u>15,114</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) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30 September 2022 AED '000	30 September 2021 AED '000	30 September 2022 AED '000	30 September 2021 AED '000
Interest income	39,420	35,012	121,234	112,837
Dividend income	2,233	-	68,687	49,546
Fair value (loss) / gain on investments carried at fair value through profit or loss	349	(596)	(1,948)	1,924
	42,002	34,416	187,973	164,307

19 Commitments and contingent liabilities

	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000
a) Commitments		
Commitment for investments	-	-

b) Contingent liabilities

At 30 September 2022, guarantees, other than those relating to claims for which provisions are held, amounting to AED 49,250 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)

30 September 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 fair value through profit and loss</u>				
Equity securities	13,168	-	-	13,168
Investments held on behalf of policy holders of unit linked products	486,287	-	-	486,287
	<u>499,455</u>	<u>-</u>	<u>-</u>	<u>499,455</u>
<u>Available-for-sale financial assets:</u>				
Banking sector	1,189,215	685,235	-	1,874,450
Other sector	14,092	-	-	14,092
	<u>1,203,307</u>	<u>685,235</u>	<u>-</u>	<u>1,888,542</u>

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
	<u>454,443</u>	<u>-</u>	<u>-</u>	<u>454,443</u>
<u>Available-for-sale financial assets:</u>				
Banking Sector	1,077,726	570,854	-	1,648,580
Other Sector	24,574	-	-	24,574
	<u>1,102,300</u>	<u>570,854</u>	<u>-</u>	<u>1,673,154</u>

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:

30 September 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 30 September 2022 AED '000
<u>Available-for-sale financial assets:</u>					
Other sectors	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 assets:</u>					
Other sectors	35,237	-	(61,424)	26,187	-
Total	<u>35,237</u>	<u>-</u>	<u>(61,424)</u>	<u>26,187</u>	<u>-</u>

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 Takaful PJSC. As a result, the Group's equity interest in Orient Takaful PJSC increased from 35% to 84%, obtaining control of Orient Takaful PJSC. Furthermore, during April 2022 the Group acquired additional 11.87% share of non controlling interest (note iv).

From the date of acquisition, Orient Takaful PJSC 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 Takaful PJSC – based on their respective fair values as of 16 March 2021 is presented below.

ii Identifiable assets acquired and liabilities assumed

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

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

	(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

The provisional bargain purchase gain 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 Takaful PJSC	(68,000)
Fair value of consideration transferred	(77,170)
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Orient Takaful PJSC	(31,280)
	<u>17,836</u>

iv During the month of April 2022 there was an additional purchase of non controlling interest share of 11.87%. Details of the transaction is presented below:

	(Un-audited) AED '000
Fair value of Identifiable net assets as at 31 March 2022	25,380
Fair value of consideration transferred	(18,452)
Capital reserve	<u>6,928</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) For the three-month period ended		(Un-audited) For the nine-month period ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	AED '000	AED '000	AED '000	AED '000
Profit after tax for the period	99,872	89,728	420,217	400,139
Less : Attributable to non-controlling interests	(1,732)	(2,859)	(8,795)	(16,576)
Profit attributable to shareholders	98,140	86,869	411,422	383,563
Weighted average number of shares outstanding during the period ('000)	5,000	5,000	5,000	5,000
Earnings per share (AED)	19.63	17.37	82.28	76.71

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) 30 September 2022 AED '000	(Un-audited) 30 September 2021 AED '000	(Un-audited) 30 September 2022 AED '000	(Un-audited) 30 September 2021 AED '000	(Un-audited) 30 September 2022 AED '000	(Un-audited) 30 September 2021 AED '000
Total premiums written	3,968,806	3,343,756	630,040	481,545	4,598,846	3,825,301
Gross underwriting income	873,448	854,194	130,363	102,447	1,003,811	956,641
Net underwriting income	413,592	362,658	47,944	60,518	461,536	423,176
General and administrative expenses	(193,624)	(167,022)	(32,085)	(29,871)	(225,709)	(196,893)
Net technical profit	219,968	195,636	15,859	30,647	235,827	226,283
Investment and other income					195,170	187,122
Profit before tax					430,997	413,405
Income tax expense net of deferred taxes					(10,780)	(13,266)
Profit after tax					420,217	400,139

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 as at 30 September 2022 is presented below:

	General insurance		Life insurance		Investments		Total	
	(Un-audited) 30 September 2022 AED '000	(Audited) 31 December 2021 AED '000						
Segment assets	5,361,346	4,745,970	469,238	446,836	5,792,790	5,340,525	11,623,374	10,533,331
Segment liabilities	6,213,766	5,466,253	1,482,280	1,271,332	-	-	7,696,046	6,737,585