Paid Up Capital: Dhs. 500,000,000

Registered under Federal Law No. (6) of 2007
Certificate No. 14 dated 29th December 1984
Commercial Registration 51814

رأس المال المدفوع: ٥٠٠،٠٠٠،٠٠٠ درهم
مسجلة طبقاً للقانون الإتحادي رقم (٦) لسنة ٢٠٠٧م
شهادة رقم ١٤ بتاريخ ١٩٨٤/١٢/٢٩م
رقم السجل التجاري ٥١٨١٤

ORIENT INSURANCE PJSC

DISCUSSION REPORT AND ANALYSIS OF THE BOARD OF DIRECTORS

Financial Statement for the Year ending 31 December 2019

OVERVIEW OF THE MAIN RESULTS DURING THE FINANCIAL PERIOD

Our Gross Written Premium for the year 2019 was AED 3,881 Million, our Net Profit was AED 425 Million and total shareholders' Equity was AED 3,124 Million thus affirming our position as the leading insurance company in the UAE.

Despite the pressure on the rates and the severe competition, the year 2019 has been an excellent year for Orient. We have exceeded our budget and last year performance in both, top line and bottom line. The net profit of the company has increased by 6%. Our gross premium has also increased by 6%. There has been an improvement also in our total assets as well as the equity. We have maintained a good balance between growth and profitability.

SECURITIES ISSUED DURING THE FINANCIAL PERIOD –

There were no securities issued by the company during the year 2019.

SUMMARY OF THE MOST IMPORTANT NON-FINANCIAL EVENTS AND DEVELOPMENTS DURING THE FINANCIAL PERIOD

Our company was selected as the exclusive insurance provider of Expo 2020.

Operating performance / Financial highlights, important KPIs

	2019	2018	Growth over 2018
	AED'000	AED'000	
Gross Premium Written	3,881,078	3,677,695	6%
Net Premium Written	1,238,849	1,257,419	-1%
Net Claims Incurred	623,054	612,856	2%
Net Profit	425,104	401,032	6%
Share Capital	500,000	500,000	0%
Shareholders' Equity	3,124,376	2,792,665	12%
Total Investments	4,276,100	3,872,417	10%
Total Assets	7,718,484	7,082,512	9%
Total Bank balances	191,635	169,680	13%
Expenses Ratio to GWP	7%	7%	

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دبي فيستفال سيتي
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RATED STRONG STANDARD & POOR'S A
Financial Strength Rating A.M. BEST A Excellent
EXPO 2020 إكسبو ٢٠٢٠ دبي، الإمارات العربية المتحدة DUBAI, UNITED ARAB EMIRATES
OFFICIAL PROVIDER | مزود رسمي

EXPECTATIONS FOR THE SECTOR AND THE COMPANY'S ROLE IN THESE EXPECTATIONS

The year 2019 has witnessed the return of the severe competition and cutthroat rates especially in motor and medical. This is mainly due to the drop in car sales and the fact that each company wanted to retain its market share. In addition, these two classes of business are generally underwritten under excess of loss basis and therefore there is no need for any reinsurance support on quota share basis.

Unfortunately, the increase in motor rates in the year 2017 which has impacted positively 2018 results have been wiped off by the continuous reduction in rates during the year 2019.

As we have predicted in our last year's report, we do expect a decline in the technical profit of the market because of the above factors. However, the real impact will be seen in the year 2021 since the effect of the carried forward reserves of the low rates will impact the coming year.

THE OUTLOOK FOR THE ECONOMY AND ITS IMPACT ON THE COMPANY AND THE SECTOR

We are seeing positive signs of improvement in the economy. We are therefore very optimistic about the year. We expect however, the undercutting of rates to continue and therefore the decline in the technical profit will have a negative impact on the results of the year for the market. There is also a substantial drop in interest rates, which is going to affect substantially the investment income of the companies. We hope that with our prudent underwriting philosophy we will be able to balance the above factors.

FUTURE PLANS FOR GROWTH AND CHANGES IN OPEATIONS IN FUTURE PERIODS

Our overseas companies have performed well with substantial increase in the profitability in Egypt. We are also pleased to see that our Associate company Orient UNB Takaful is showing profitability ahead of schedule in just 2 years. Our company in Sri Lanka continues to do well achieving their target and budget.

Omer Elamin
President, Orient Group

COMPANY SEAL

ORIENT INSURANCE PJSC
P.O.Box: 27966, DUBAI - U.A.E.
FIN - 3

10 February 2020