

**Oman Reinsurance Company SAOG**

**Condensed interim financial information  
for the six-month period ended 30 June  
2022 (un-audited)**

**Oman Reinsurance Company SAOG**

**Condensed interim financial information for the six-month period ended 30 June 2022  
(un-audited)**

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## Report on Review of the Condensed Interim Financial Information to the Board of Directors of Oman Reinsurance Company SAOG

### Introduction

We have reviewed the accompanying condensed interim financial information of Oman Reinsurance Company SAOG ("the Company") as at 30 June 2022, which comprise the related condensed interim statement of financial position, the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in shareholders' equity, the condensed interim statement of cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes ("the condensed interim financial information").

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting", the minimum disclosure requirements issued by the Capital Market Authority and for such internal control as management determines is necessary to enable the preparation of condensed interim financial information that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at, and for the six-month period ended, 30 June 2022, do not:

- (i) present fairly, in all material respects, the financial position of the Company and its financial performance and cash flows, in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting"; and
- (ii) comply, in all material aspects, with the minimum disclosures requirements issued by the Capital Market Authority.

**BDO**

Muscat

Date: 27 July 2022



*B. Kapur*

Bipin Kapur

Partner

M.No.: 043615

Institute of Chartered Accountants of India, New Delhi, India


**Oman Reinsurance Company SAOG**  
**Condensed interim statement of financial position as at 30 June 2022**  
**(Expressed in Omani Rial)**

		30 June 2022	31 December 2021
ASSETS	Notes	(Un-audited)	(Audited)
<b>Non-current assets</b>			
Property, plant and equipment	5	116,053	137,643
Intangible assets	6	134,755	163,913
Investment property	7	1,900,000	1,900,000
Investment property under development	8	184,592	184,592
Investments at fair value through other comprehensive income	9	21,556,508	19,788,547
Non-current portion of bank deposits	21	15,109,268	12,288,000
Deferred tax asset	23	252,904	-
<b>Total non-current assets</b>		<u>39,254,080</u>	<u>34,462,695</u>
<b>Current assets</b>			
Investments at fair value through profit or loss	10	654,438	576,615
Insurance and other receivables	11	10,516,545	8,360,858
Accrued income	12	17,856,442	11,870,135
Deferred policy acquisition costs	19	4,987,708	3,081,338
Reinsurers' share of insurance funds	17	29,744,873	29,898,209
Current portion of bank deposits	21	9,038,000	11,165,268
Cash and cash equivalents	22	3,738,944	5,556,548
<b>Total current assets</b>		<u>76,536,950</u>	<u>70,508,971</u>
<b>Total assets</b>		<u>115,791,030</u>	<u>104,971,666</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	32,615,926	32,615,926
Legal reserve	14	478,729	478,729
Investment fair value reserve	9	(1,989,793)	(102,368)
Contingency reserve	15	4,216,914	4,216,914
Accumulated losses		(7,241,123)	(7,948,515)
<b>Total capital and reserves</b>		<u>28,080,653</u>	<u>29,260,686</u>
<b>Non-current liabilities</b>			
Employees' benefit liabilities	16	273,374	243,373
Deferred tax liability	23	-	68,358
<b>Total non-current liabilities</b>		<u>273,374</u>	<u>311,731</u>

**Oman Reinsurance Company SAOG**  
**Condensed interim statement of financial position as at 30 June 2022**  
**(Expressed in Omani Rial)**

		30 June 2022	31 December 2021
<b>Current liabilities</b>	<b>Notes</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
Technical provisions	17	69,937,410	62,460,289
Reinsurers' premium and other payables	18	17,123,415	12,581,149
Deferred commission income	19	376,178	357,811
<b>Total current liabilities</b>		<u>87,437,003</u>	<u>75,399,249</u>
<b>Total liabilities</b>		<u>87,710,377</u>	<u>75,710,980</u>
<b>Total equity and liabilities</b>		<u>115,791,030</u>	<u>104,971,666</u>
<b>Net assets per share</b>	29	<u>0.085</u>	<u>0.088</u>

The unaudited condensed interim financial information, as set out on pages were 2 to 22, were approved and authorised for issue by the Board of Directors on 27 July 2022 and were signed on their behalf by:



Director



Director



Chief Executive Officer



Chief Financial Officer

**Oman Reinsurance Company SAOG**

**Condensed interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022 (un-audited)**

**(Expressed in Omani Rial)**

	Notes	Period from 1 January 2022 to 30 June 2022 (Un-audited)	Period from 1 January 2021 to 30 June 2021 (Un-audited)
<b>Income</b>			
Gross premiums written	24	21,945,531	18,217,934
Net underwriting results	24	1,589,873	1,215,678
Investment and other income, net	25	1,095,957	1,032,123
		<u>2,685,830</u>	<u>2,247,801</u>
<b>Expenses</b>			
General and administrative expenses	27	(1,518,069)	(1,348,292)
Foreign exchange losses, net		(353,713)	(110,967)
		<u>(1,871,782)</u>	<u>(1,459,259)</u>
<b>Net profit before tax for the period</b>		814,048	788,542
Income tax expense	23	(140,986)	(119,900)
<b>Net profit after tax for the period</b>		<u>673,062</u>	<u>668,642</u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Valuation (losses)/gains on fair value through other comprehensive income on equity investments, net of deferred tax		(506,236)	299,720
<i>Items that will or may be reclassified to profit or loss:</i>			
Valuation losses on fair value through other comprehensive income on debt instruments, net of deferred tax		(1,346,859)	(179,321)
<b>Other comprehensive (losses)/income for the period</b>		<u>(1,853,095)</u>	<u>120,399</u>
<b>Total comprehensive (loss)/income for the period</b>		<u>(1,180,033)</u>	<u>789,041</u>
<b>Earnings per share - basic and diluted</b>	28	<u>0.002</u>	<u>0.002</u>

**Oman Reinsurance Company SAOG**  
**Condensed interim statement of changes in shareholders' equity for the six-month period ended 30 June 2022 (un-audited)**  
**(Expressed in Omani Rial)**

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 31 December 2020 (audited)		30,000,000	343,183	47,849	2,997,005	(7,783,883)	25,604,154
Net profit after tax for the period		-	-	-	-	668,642	668,642
Other comprehensive income for the period		-	-	120,399	-	-	120,399
As at 30 June 2021 (un-audited)		30,000,000	343,183	168,248	2,997,005	(7,115,241)	26,393,195
Net profit after tax for the period		-	-	-	-	686,813	686,813
Additional share capital issued through Initial Public Offer (IPO)		2,615,926	-	-	-	-	2,615,926
Transfer of IPO related costs to equity		-	-	-	-	(249,651)	(249,651)
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	(185,597)	-	-	(185,597)
Realised gains on sale of equity instruments at fair value through other comprehensive income	9	-	-	(85,019)	-	85,019	-
Transferred to legal reserve	14	-	135,546	-	-	(135,546)	-
Transferred to contingency reserve	15	-	-	-	1,219,909	(1,219,909)	-
As at 31 December 2021 (audited)		32,615,926	478,729	(102,368)	4,216,914	(7,948,515)	29,260,686
Net profit after tax for the period		-	-	-	-	673,062	673,062
Other comprehensive income for the period		-	-	(1,853,095)	-	-	(1,853,095)
Realised gains on sale of equity instruments at fair value through other comprehensive income	9	-	-	(34,330)	-	34,330	-
As at 30 June 2022 (un-audited)		32,615,926	478,729	(1,989,793)	4,216,914	(7,241,123)	28,080,653

**Oman Reinsurance Company SAOG**  
**Condensed interim statement of cash flows for the six-month period ended 30 June 2022**  
**(un-audited)**  
**(Expressed in Omani Rial)**

	Notes	Period from 1 January 2022 to 30 June 2022 (un-audited)	Period from 1 January 2021 to 30 June 2021 (un-audited)
<b>Operating activities</b>			
Net profit after tax for the period		673,062	668,642
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment	5	30,233	37,185
Loss/(gain) on sale of investments at fair value through other comprehensive income		1,256	(129,248)
Amortisation of intangible assets	6	31,158	27,484
Gain on disposal of property, plant and equipment		(529)	-
Unrealised fair value loss/(gain) on investments at fair value through profit or loss	10	56,753	(5,450)
Provision for employees' benefit liabilities	16	30,001	24,379
Interest income from bank deposits	25	(1,060,247)	(850,951)
Dividend income	25	(67,018)	(49,504)
Deferred tax recognised in profit or loss	23	5,102	-
<b>Operating loss before working capital changes</b>		<b>(300,229)</b>	<b>(277,463)</b>
<b>Working capital changes</b>			
Insurance and other receivables		(2,155,687)	(1,363,753)
Accrued income		(6,005,303)	(4,629,344)
Deferred policy acquisition costs		(1,888,003)	(1,624,092)
Insurance funds		7,630,457	7,119,141
Reinsurers' premium and other payables		4,542,266	2,162,472
<b>Cash generated from operating activities</b>		<b>1,823,501</b>	<b>1,386,961</b>
Employees' benefit liabilities paid	16	-	(9,660)
<b>Net cash generated from operating activities</b>		<b>1,823,501</b>	<b>1,377,301</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	5	(8,643)	(85,817)
Proceeds from disposal of property, plant and equipment		529	-
Purchase of investments at fair value through other comprehensive income	9	(5,266,923)	(3,953,542)
Purchase of investments at fair value through profit or loss	10	(422,951)	(576,750)
Proceeds from disposal of investments at fair value through other comprehensive income		1,331,869	3,023,042
Proceeds from disposal of investments at fair value through profit or loss	10	288,375	871,000
Cost of acquisition of intangible assets	6	(2,000)	(167,434)
Net change in bank deposits		(694,000)	(5,038,000)
Interest income received from bank deposits		1,065,621	872,785
Dividend income received	25	67,018	49,504
<b>Net cash used in investing activities</b>		<b>(3,641,105)</b>	<b>(5,005,212)</b>
<b>Net change in cash and cash equivalents</b>			
		(1,817,604)	(3,627,911)
Cash and cash equivalents, beginning of the period		5,556,548	8,662,776
<b>Cash and cash equivalents, end of the period</b>	22	<b>3,738,944</b>	<b>5,034,865</b>



## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

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#### 1 Legal status and principal activities

Oman Reinsurance Company SAOG ("the Company") is a publicly listed Omani joint stock company (SAOG) registered with the Ministry of Commerce, Industry and Investment Promotion, in accordance with the provisions of the Commercial Companies Law and Regulations and the Insurance Companies Law of the Sultanate of Oman. The Company was registered on 4 August 2008 and obtained a license to operate reinsurance business on 2 July 2009 from the Capital Market Authority (CMA). The Company is principally engaged in underwriting reinsurance business including fire, engineering, accident, medical, motor and aviation classes. The Company had changed its legal structure from a closed Omani joint stock company (SAOC) to an SAOG during the financial year 31 December 2021 through an Initial Public Offering (IPO).

The Company's principal place of business is located at Al Khuwair, Muscat, Sultanate of Oman. The Company is also registered and has started operations in the year 2021 through a Branch in Qatar ("the Branch"). The Branch is registered in the Qatar Financial Center (QFC). These condensed interim financial information include the combined operations and assets and liabilities of the Company and the Branch.

The condensed interim financial information was approved for issue by the Board of Directors on 27 July 2022.

#### 2 Basis of preparation

##### (a) Statement of compliance

The condensed interim financial information for the six-month period ended 30 June 2022 has been presented in accordance with International Accounting Standard 34 - "Interim Financial Reporting". The accounting policies adopted in preparation of the condensed interim financial information are the same that were followed as at, and for the year ended, 31 December 2021. These condensed interim financial information should therefore be read in conjunction with the audited annual financial statements prepared as at, and for the year ended, 31 December 2021, which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

##### (b) Basis of presentation

The condensed interim financial information for the six-month period ended 30 June 2022 has been prepared in accordance with IAS 34 "Interim Financial Reporting".

##### (c) Functional currencies

The condensed interim financial information is presented in Omani Rials (RO) which is the functional and reporting currency for the Company.

#### 3 Adoption of new and revised IFRS

##### New and amended standards effective and adopted at 1 January 2022

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

##### Standards, amendments and interpretations issued but not yet effective at 1 January 2022

The Company has not early adopted any standard, interpretation or amendment that has been issued by the International Accounting Standards Board but is not yet effective.

##### Standards, amendments and interpretations issued but not yet effective in the period 2022

###### IFRS 17 "Insurance Contracts"

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 "Insurance Contracts".

IFRS 17, "Insurance Contracts" requires entities to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of three groups:

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

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#### 3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued but not yet effective in the period 2021 (continued)

IFRS 17 "Insurance Contracts" (continued)

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

The Company is not permitted to include contracts issued more than one year apart in the same group. Furthermore, if a portfolio would fall into different groups only because law or regulation constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics, the Company may include those contracts in the same group.

There would have been a material change in the operational results of the Company for the period ended 30 June 2022, had the Company early adopted the above standard as the Company is engaged in underwriting reinsurance business. However, the management is expected to apply the standard from its effective date of 1 January 2023.

#### 4 Significant accounting policies, critical accounting estimates and key source of estimation uncertainty

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual figures may differ from these estimates and judgements. While preparing the unaudited condensed interim financial information, the significant judgements made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the annual audited financial statements prepared as at, and for the year ended, 31 December 2021.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual audited financial statements, and should therefore be read in conjunction with the annual audited financial statements prepared as at, and for the year ended, 31 December 2021. There has been no change in the risk management policies since 31 December 2021.

**Oman Reinsurance Company SAOG**

**Notes to the condensed interim financial information for the six-month period ended  
30 June 2022 (un-audited)**

**(Expressed in Omani Rial)**

**5 Property, plant and equipment**

(a) The movement in property and equipment is as set out below:

<b>2022</b>	<b>Motor vehicles</b>	<b>Furniture and fixtures</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>				
At 1 January 2022	68,624	228,502	215,922	513,048
Additions during the period	5,498	352	2,793	8,643
Disposals during the period	-	(1,142)	(8,464)	(9,606)
At 30 June 2022 (un-audited)	<u>74,122</u>	<u>227,712</u>	<u>210,251</u>	<u>512,085</u>
<b>Accumulated depreciation</b>				
At 1 January 2022	29,569	182,945	162,891	375,405
Charge for the period	9,036	10,698	10,499	30,233
Relating to disposals	-	(1,142)	(8,464)	(9,606)
At 30 June 2022 (un-audited)	<u>38,605</u>	<u>192,501</u>	<u>164,926</u>	<u>396,032</u>
<b>Net book amount</b>				
At 30 June 2022 (un-audited)	<u>35,517</u>	<u>35,211</u>	<u>45,325</u>	<u>116,053</u>
	<b>Motor vehicles</b>	<b>Furniture and fixtures</b>	<b>Office equipment</b>	<b>Total</b>
<b>2021</b>				
<b>Cost</b>				
At 1 January 2021	37,260	206,439	171,140	414,839
Additions during the year	31,364	22,063	44,782	98,209
At 31 December 2021 (audited)	<u>68,624</u>	<u>228,502</u>	<u>215,922</u>	<u>513,048</u>
<b>Accumulated depreciation</b>				
At 1 January 2021	14,373	152,806	138,124.00	305,303
Charge for the year	15,196	30,139	24,767	70,102
At 31 December 2021 (audited)	<u>29,569</u>	<u>182,945</u>	<u>162,891</u>	<u>375,405</u>
<b>Net book amount</b>				
At 31 December 2021 (audited)	<u>39,055</u>	<u>45,557</u>	<u>53,031</u>	<u>137,643</u>

Oman Reinsurance Company SAOG

Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)  
(Expressed in Omani Rial)

<b>6 Intangible assets</b>	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Year ended 31 December 2021 (audited)</b>
The movement in intangible assets is as follows:-		
<b>Cost</b>		
Opening balance	390,456	198,243
Additions during the period/year	2,000	192,213
Closing balance	<u>392,456</u>	<u>390,456</u>
<b>Accumulated amortisation</b>		
Opening balance	226,543	163,057
Charge for the period/year	31,158	63,486
Closing balance	<u>257,701</u>	<u>226,543</u>
<b>Net book amount</b>		
As at 30 June/31 December	<u>134,755</u>	<u>163,913</u>

Intangible assets comprise of multiple software license fees which are being amortised over a period of 4 years. The management of the Company has performed an impairment testing of the license fees and, concluded that, no impairment is considered necessary.

<b>7 Investment property</b>	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Year ended 31 December 2021 (audited)</b>
<b>Cost</b>		
Opening balance and closing balance	<u>1,900,000</u>	<u>1,900,000</u>

The carrying amount of the investment properties is the aggregate fair value (Level-3 fair value hierarchy) as determined by an independent property valuer on the basis of unobservable inputs. Fair value was determined as being the most probable price the property can fetch in a competitive open market. The property has been valued by an independent valuer on an open market basis as at 31 December 2021 at RO 2,100,000. However, based on current market situation and management's estimate of costs involved in disposing-off the property (land), management considers that the fair market value of the investment property of RO 1,900,000 is appropriate. The land located at Ghala, Muscat, Sultanate of Oman is currently under development

<b>8 Investment property under development</b>	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Year ended 31 December 2021 (audited)</b>
Opening balance and closing balance	<u>184,592</u>	<u>184,592</u>

Investment property under development represents amounts spent on designing and planning of the office building and other costs directly attributable towards the development of the investment property located in Ghala, Muscat, Sultanate of Oman.

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited) (Expressed in Omani Rial)

#### 9 Investments at fair value through other comprehensive income

	Fair value		Average cost	
	30 June 2022 (un-audited)	31 December 2021 (audited)	30 June 2022 (un-audited)	31 December 2021 (audited)
Bonds	18,053,035	15,813,298	18,397,611	14,585,830
Equity securities	3,503,473	3,975,249	5,213,194	4,992,536
	<u>21,556,508</u>	<u>19,788,547</u>	<u>23,610,805</u>	<u>19,578,366</u>

(a) Movement in investments at fair value through other comprehensive income can be summarised as below:	Period from 1 January 2022 to 30 June 2022 (un-audited)	Year ended 31 December 2021 (audited)
	At 1 January	19,788,547
Purchases during the period/year	5,266,923	6,535,303
Sales during the period/year	(1,298,795)	(4,243,257)
Net realised change in fair value	(34,330)	(85,019)
Net unrealised change in fair value	(2,179,459)	162,332
Amortisation charge for the period/year	13,622	41,385
At 30 June/31 December	<u>21,556,508</u>	<u>19,788,547</u>

(b) Investment fair value reserve: Movement in the investment fair value reserve can be summarised as	Period from 1 January 2022 to 30 June 2022 (un-audited)	Year ended 31 December 2021 (audited)
	Opening balance	(102,368)
Net change in fair value during the period/year	(2,179,459)	162,332
Deferred tax charge	326,364	(227,530)
Net realised gain transferred to retained earnings	(34,330)	(85,019)
Closing balance	<u>(1,989,793)</u>	<u>(102,368)</u>

#### 10 Investments at fair value through profit or loss

Debt instruments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income are as follows:

	Fair value		Average cost	
	30 June 2022 (un-audited)	31 December 2021 (audited)	30 June 2022 (un-audited)	31 December 2021 (audited)
Multi-reverse callable notes	654,438	576,615	711,191	576,750
	<u>654,438</u>	<u>576,615</u>	<u>711,191</u>	<u>576,750</u>

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited) (Expressed in Omani Rial)

#### 10 Investments at fair value through profit or loss (continued)

(a) Movement in investments at fair value through profit or loss can be summarised as below:	Period from 1 January 2022 to 30 June 2022 (un-audited)	Year ended 31 December 2021 (audited)
At 1 January	576,615	871,000
Purchases during the period/year	422,951	1,153,500
Sales during the period/year	(288,375)	(1,447,752)
Net change in fair value recognised in profit or loss	(56,753)	(133)
At 30 June/31 December	<u>654,438</u>	<u>576,615</u>

Multi-Reverse callable notes are denominated in US Dollars, have a nominal redemption value of the investment (equivalent to RO 711,911), subject to certain conditions being met. The notes carry fixed income coupon rates ranging between 8.00% and 15.88% per annum. These notes have a maturity date till 2023, unless auto recalled at an earlier date based on the terms agreed upon.

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as investments at fair value through profit or loss.

11 Insurance and other receivables	30 June 2022 (un-audited)	31 December 2021 (audited)
Due from insurance and reinsurance companies (gross)	8,914,888	6,876,335
Less: provision for impaired insurance and reinsurance receivables	(1,053,719)	(1,053,719)
Due from insurance and reinsurance companies (net)	<u>7,861,169</u>	<u>5,822,616</u>
Loans and advances (gross)	191,822	314,556
Less: provision for impaired loans and advances	(18,380)	(18,380)
Loans and advances (net)	<u>173,442</u>	<u>296,176</u>
Reserves withheld by cedents	2,343,253	2,129,525
Prepaid expenses	138,681	112,541
	<u>10,516,545</u>	<u>8,360,858</u>

The movement in provision for impaired insurance and reinsurance receivables is as follows:

	Period from 1 January 2022 to 30 June 2022 (un-audited)	Year ended 31 December 2021 (audited)
Opening balance and closing balance	<u>1,053,719</u>	<u>1,053,719</u>

The movement in impaired loans and advances is as follows:

	Period from 1 January 2022 to 30 June 2022 (un-audited)	Year ended 31 December 2021 (audited)
Opening balance and closing balance	<u>18,380</u>	<u>18,380</u>

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### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited) (Expressed in Omani Rial)

12 Accrued income	30 June 2022 (un-audited)	31 December 2021 (audited)
Accrued insurance premium	16,842,265	10,836,962
Impairment provision	(15,000)	(15,000)
	<u>16,827,265</u>	<u>10,821,962</u>
Interest accrued on investments	1,029,177	1,048,173
	<u>17,856,442</u>	<u>11,870,135</u>
The movement in provision for impaired accrued insurance premium is as follows:	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Year ended 31 December 2021 (audited)</b>
Opening balance and closing balance	<u>15,000</u>	<u>15,000</u>

### 13 Share capital

The authorised share capital of the Company is RO 40 million. The issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce, Industry and Investment Promotion, is RO 32,615,926 (2021: RO 32,615,926), comprising of 330,775,600 shares (2021: 330,775,600).

The shareholders of the Company who own 5% or more of the Company's shares, whether in their name, or through a nominee account, and the percentage of shares held by them are as follows:

	30 June 2022 (un-audited)	31 December 2021 (audited)
Trust International Insurance & Reinsurance Company B.S.C. (Bahrain)	27.18%	27.18%
Qatar General Insurance & Reinsurance Company S.A.Q.	22.30%	22.30%
Omar Zawawi Establishment LLC	8.36%	14.06%
Ziliano Investments	9.07%	9.07%
Al Zawawi Trading Company LLC	8.62%	8.62%

### 14 Legal reserve

In accordance with Article 106 of the Commercial Companies Law and Regulations of the Sultanate of Oman, 10% of the Company's net profit for the year is to be transferred to a non-distributable legal reserve until such time as the amount of the legal reserve becomes equal to one-third of the Company's issued and fully paid-up share capital. During the period from 1 January 2022 to 30 June 2022, the Company has not transferred any amount to the legal reserve as this will be transferred at the year-end (31 December 2021: RO 135,546).

### 15 Contingency reserve

In accordance with the Capital Market Authority Decision No. 19/2007, issued on 4 June 2007 as authorised by Royal Decree number 34/2007, 10% of the outstanding claims at the reporting date is required to be transferred to a contingency reserve which is not distributable without the prior approval of the Capital Market Authority. The Company may discontinue such annual transfers when the contingency reserve equals the Company's paid-up share capital.

For the period from 1 January 2022 to 30 June 2022, no amount has been transferred to the contingency reserve as the Company intends to transfer this amount at the year-end (31 December 2021: RO 1,219,909).

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Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

16 Employees' benefit liabilities	Period from 1 January 2022 to 30 June 2022 (un-audited)	Year ended 31 December 2021 (audited)
As at 1 January	243,373	188,961
Provision for the period/year	30,001	71,370
Payments during the period/year	-	(16,958)
As at 30 June/31 December	<u>273,374</u>	<u>243,373</u>

17 Reinsurers share of insurance funds and technical provisions

The movement in reinsurer's share of insurance funds and technical provisions is given below.

30 June 2022 (un-audited)	Gross	Reinsurance	Net
<b>Claims</b>			
At 1 January 2022	49,977,309	27,379,561	22,597,748
Increase in provision during the period	5,222,279	(1,618,090)	6,840,369
Claims settled during the period	(4,586,704)	(1,421,808)	(3,164,896)
At 30 June 2022	<u>50,612,884</u>	<u>24,339,663</u>	<u>26,273,221</u>
<b>Unearned premium</b>			
At 1 January 2022	12,482,980	2,518,648	9,964,332
Increase in provision during the period	19,324,526	5,405,210	13,919,316
Release of unearned premium	(12,482,980)	(2,518,648)	(9,964,332)
At 30 June 2022	<u>19,324,526</u>	<u>5,405,210</u>	<u>13,919,316</u>
Total technical provisions	<u>69,937,410</u>	<u>29,744,873</u>	<u>40,192,537</u>
<b>31 December 2021 (audited)</b>			
<b>Claims</b>			
At 1 January 2021	44,479,752	28,392,727	16,087,025
Increase in provision during the year	16,902,471	5,602,703	11,299,768
Claims settled during the year	(11,404,914)	(6,615,869)	(4,789,045)
At 31 December 2021	<u>49,977,309</u>	<u>27,379,561</u>	<u>22,597,748</u>
<b>Unearned premium</b>			
At 1 January 2021	11,418,709	4,035,643	7,383,066
Increase in provision during the year	12,482,980	2,518,648	9,964,332
Release of unearned premium	(11,418,709)	(4,035,643)	(7,383,066)
At 31 December 2021	<u>12,482,980</u>	<u>2,518,648</u>	<u>9,964,332</u>
Total technical provisions	<u>62,460,289</u>	<u>29,898,209</u>	<u>32,562,080</u>

Claims include incurred but not reported (IBNR) provision which is as follows:

30 June 2022 (un-audited)	Gross	Reinsurance	Net
<b>IBNR</b>			
At the beginning of the period	8,799,336	1,619,951	7,179,385
Movement of IBNR during the period	1,982,481	(368,035)	2,350,516
At the end of the period	<u>10,781,817</u>	<u>1,251,916</u>	<u>9,529,901</u>



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### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

<b>17 Reinsurers share of insurance funds and technical provisions (continued)</b>			
<b>31 December 2021 (audited)</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
<b>IBNR</b>			
At the beginning of the year	8,452,440	3,264,042	5,188,398
Movement of IBNR during the year	346,896	(1,644,091)	1,990,987
At the end of the year	<u>8,799,336</u>	<u>1,619,951</u>	<u>7,179,385</u>
<b>18 Reinsurance premium and other payables</b>			
		<b>30 June 2022</b>	<b>31 December 2021</b>
		<b>(un-audited)</b>	<b>(audited)</b>
Reinsurance premium accrued		8,366,557	4,433,220
Payable to cedents and retro-cessionaires		7,492,126	6,620,989
Advances and deposits retained		823,964	885,802
Other payables		440,768	641,138
		<u>17,123,415</u>	<u>12,581,149</u>
<b>19 Deferred policy acquisition costs and deferred commission income</b>			
<b>(a) The movement in deferred policy acquisition costs is as follows:</b>			
		<b>Period from 1</b>	<b>Year ended 31</b>
		<b>January 2022 to</b>	<b>December 2021</b>
		<b>30 June 2022</b>	<b>(audited)</b>
		<b>(un-audited)</b>	
As at 1 January		3,081,338	2,702,382
Charge for the period/year		(3,535,677)	(6,128,169)
Payments during the period/year		5,442,047	6,507,125
As at 30 June/31 December (a)		<u>4,987,708</u>	<u>3,081,338</u>
<b>(b) The movement in deferred commission income is as follows:</b>			
		<b>Period from 1</b>	<b>Year ended 31</b>
		<b>January 2022 to</b>	<b>December 2021</b>
		<b>30 June 2022</b>	<b>(audited)</b>
		<b>(un-audited)</b>	
As at 1 January		357,811	953,716
Income during the period/year		(234,550)	(1,572,736)
Received during the period/year		252,917	976,831
As at 30 June/31 December (b)		<u>376,178</u>	<u>357,811</u>
<b>Deferred policy acquisition costs, net (c)= (a) - (b)</b>		<u>4,611,530</u>	<u>2,723,527</u>

## 20 Related party transactions and balances

Related parties comprise the shareholders, directors, business entities in which they have the ability to control or exercise significant influence in financial and operating decisions and senior management. The Company has entered into transactions with entities related to the shareholders or directors. In the ordinary course of business, such related parties provide services to the Company. The transactions are carried on mutually agreed terms, are at arms length and approved by the management. During the period, the following transactions were carried out with the related parties:

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Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

20 Related party transactions and balances (continued)		
(a) Significant transactions during the period with related parties are as follows:	Period from 1 January 2022 to 30 June 2022 (un-audited)	Period from 1 January 2021 to 30 June 2021 (un-audited)
<b>Shareholders with significant influence:</b>		
<b>Gross</b>		
Gross premium	2,078,339	519,776
Commission expense	599,098	211,442
Claims expense	70,077	1,390,009
<b>Reinsurance</b>		
Premium ceded	506,602	230,550
Commission income	131,528	39,460
Claims recovery	(69,997)	287,173
<b>(b) Key management compensation:</b>		
<b>Directors' remuneration</b>		
Directors' sitting fees	31,400	28,800
<b>Key management remuneration</b>		
Salaries and employment benefits	190,400	204,950
<b>(c) Computer expenses</b>		
Service agreement fees	19,225	-
<b>(d) Related party balances</b>		
<b>Shareholders with significant influence:</b>		
	30 June 2022 (un-audited)	31 December 2021 (audited)
<b>Gross</b>		
Premiums receivable, net of commissions and claims	(2,093,507)	(373,249)
Outstanding claims payable	7,911,461	10,154,091
<b>Reinsurance</b>		
Premiums payable, net of commissions and claims	216,267	173,735
Outstanding claims receivable	2,622,378	1,433,841
<b>21 Bank deposits</b>		
	30 June 2022 (un-audited)	31 December 2021 (audited)
Non-current portion of bank deposits	15,109,268	12,288,000
Current portion of bank deposits	9,038,000	11,165,268
	24,147,268	23,453,268

Bank deposits represent deposits placed with commercial banks in the Sultanate of Oman, which are denominated in RO and earn interest at commercial rates ranging between 4.10% and 4.90% per annum (31 December 2021: between 3.25% and 4.90% per annum). The deposits which are due for maturity after one year have been disclosed as part of non-current assets.

The current portion of bank deposits represents deposits which will mature within 1 year.

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited) (Expressed in Omani Rial)

#### 22 Cash and cash equivalents

For the purposes of the condensed interim statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2022 (un-audited)	31 December 2021 (audited)
Cash on hand	66	1,992
Current and call account balances with banks	3,738,878	5,554,556
	<u>3,738,944</u>	<u>5,556,548</u>

The current account balances with banks are non-interest bearing.

Balances in call accounts with local commercial banks earn interest rates ranging between 0.1% and 2.5% per annum (31 December 2021: between 0.1% and 2.5% per annum).

#### 23 Taxation

Tax assessments of the Company for the years upto 2018 have been finalised. Tax assessments for the years 2019 to 2021 have not yet been agreed with the Oman Tax Authority. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's condensed interim financial position as at 30 June 2022.

Provision for income tax amounting to RO 140,986 (30 June 2021: RO 119,900) has been made after giving due consideration to adjustments for potential allowances and disallowances.

(i) Tax expense	30 June 2022 (un-audited)	30 June 2021 (un-audited)
<b>Current tax</b>		
Charge for the current period	128,276	111,977
Charge for prior periods	7,608	7,923
	<u>135,884</u>	<u>119,900</u>
<b>Deferred tax</b>		
Charge for the current period/year (profit or loss)	5,102	-
Credit for the current period/year (other comprehensive income)	(326,364)	-
	<u>(321,262)</u>	<u>-</u>
Net charge to the profit or loss	140,986	119,900
Net credit to other comprehensive income	(326,364)	-
	<u>(185,378)</u>	<u>119,900</u>

The Company is subject to income tax at the rate of 15% of taxable profit (2021 : 15%).

The reasons for the difference between actual tax charge for the period and the standard rate of corporate tax applied to the net profit for the period are as follows:-

	30 June 2022 (un-audited)	30 June 2021 (un-audited)
<b>Net profit before taxation</b>	814,048	788,542
Tax at the applicable rate (15%)	122,107	118,281
Expenses not deductible for tax purposes	13,720	-
Prior years adjustments in provision	5,159	1,619
Total tax expenses as per profit or loss	<u>140,986</u>	<u>119,900</u>

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

23 Taxation (continued)	30 June 2022	31 December 2021
(ii) Movement in current tax liability is as under:	(un-audited)	(audited)
At the beginning of the period/year	244,852	31,261
Charge for the period/year	135,884	252,775
Tax receivable adjusted from payment	(7,607)	-
Payments during the period/year	(234,796)	(39,184)
At the end of the period/year	<u>138,333</u>	<u>244,852</u>
(iii) Deferred tax		
Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 15% (2021: 15%). Deferred tax arises on account of temporary differences between the tax base of assets, liabilities and losses and their carrying values in the condensed interim statement of financial position. Deferred tax (asset) and liabilities are attributable as under:		
	30 June 2022	31 December 2021
	(un-audited)	(audited)
As at 1 January	68,358	-
Charge recognised in profit or loss	5,102	(159,172)
(Credit) recognised in other comprehensive income	(326,364)	227,530
At 30 June / 31 December	<u>(252,904)</u>	<u>68,358</u>
24 Net underwriting results	Period from 1	Period from 1
	January 2022 to	January 2021 to 31
	30 June 2022	June 2021
	(un-audited)	(un-audited)
Income		
Gross premiums written	21,945,531	18,217,934
Movement in unearned premium reserve	(6,841,554)	(5,008,003)
Insurance premium revenue (a)	<u>15,103,977</u>	<u>13,209,931</u>
Reinsurance premium ceded	(6,259,169)	(5,777,982)
Movement in unearned premium reserve	2,886,560	917,361
Insurance premium retroceded to reinsurers (b)	<u>(3,372,609)</u>	<u>(4,860,621)</u>
Net insurance premium earned (c) = (a) + (b)	<u>11,731,368</u>	<u>8,349,310</u>
Gross claims paid	(4,586,704)	(5,011,915)
Reinsurance recoveries	1,421,808	2,983,199
Net claims paid	(3,164,896)	(2,028,716)
Change in provision for outstanding claims, gross	(635,575)	(4,364,706)
Change in provision for outstanding claims, reinsurance	(3,039,898)	1,336,208
Claims and related expenses (d)	<u>(6,840,369)</u>	<u>(5,057,214)</u>
Policy acquisition costs	(5,451,490)	(4,573,768)
Policy acquisition costs recovered from reinsurers	252,917	865,283
Change in deferred policy acquisition costs	1,888,004	1,624,090
Interest on premium reserve	9,443	7,977
Total policy acquisition costs (e)	<u>(3,301,126)</u>	<u>(2,076,418)</u>
Net insurance benefits and claims (f) = (d) + (e)	<u>(10,141,495)</u>	<u>(7,133,632)</u>
Net underwriting results (g) = (c) + (f)	<u>1,589,873</u>	<u>1,215,678</u>

**Oman Reinsurance Company SAOG**

**Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)**

**(Expressed in Omani Rial)**

<b>25 Investment and other income - net</b>	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Period from 1 January 2021 to 31 June 2021 (un-audited)</b>
Interest on term deposits and bonds	1,060,247	850,951
Dividend income	67,018	49,504
Realised (loss) /gains on sale of investments at fair value through other comprehensive income	(1,256)	129,248
Unrealised fair value (loss) / gains on investments at fair value through profit or loss	(56,753)	5,450
Gain on sale of property, plant and equipment	529	-
Investment expenses	(2,088)	(3,030)
Miscellaneous income	28,260	-
	<u>1,095,957</u>	<u>1,032,123</u>
<b>26 Salaries and other related staff costs</b>	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Period from 1 January 2021 to 31 June 2021 (un-audited)</b>
Salaries and allowances	975,797	857,106
Provision for leave salary	62,808	65,761
Contribution to employees' benefits	30,001	24,379
Social security costs	39,503	34,804
Other staff costs	26,607	18,997
	<u>1,134,716</u>	<u>1,001,047</u>
<b>27 General and administrative expenses</b>	<b>Period from 1 January 2022 to 30 June 2022 (un-audited)</b>	<b>Period from 1 January 2021 to 31 June 2021 (un-audited)</b>
Salaries and other related staff costs (Note 26)	1,134,716	1,001,047
Depreciation and amortisation (Notes 5 and 6)	61,391	64,669
Computer expenses	45,867	15,115
Meeting related expenses	44,559	38,724
Rent (short-term leases)	39,971	36,687
Business travel expenses	38,212	2,995
Legal and professional fees	35,875	14,855
Advertising and business promotion expenses	31,331	19,606
Telephone, fax and postage	11,335	11,535
Consultancy services	10,729	109,537
Office maintenance	5,561	3,759
Miscellaneous expenses	58,522	29,763
	<u>1,518,069</u>	<u>1,348,292</u>

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited) (Expressed in Omani Rial)

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#### 28 Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Period from 1 January 2022 to 30 June 2022 (un-audited)	Period from 1 January 2021 to 30 June 2021 (un-audited)
Weighted average number of shares (number)	<u>330,775,600</u>	<u>300,000,000</u>
Net profit for the period	<u>673,062</u>	<u>668,642</u>
Earnings per share - Basic and diluted	<u>0.002</u>	<u>0.002</u>

As there are no dilutive potential shares issued by the Company, the diluted earnings per share is same as the basic earnings per share.

#### 29 Net assets per share

The calculation of the net assets per share is based on net assets as at 30 June 2022/31 December 2021 attributable to ordinary shareholders divided by the number of shares outstanding at the period-end.

	30 June 2022 (un-audited)	31 December 2021 (audited)
Net assets as at the period/year-end (RO)	<u>28,080,653</u>	<u>29,260,686</u>
Number of shares outstanding	<u>330,775,600</u>	<u>330,775,600</u>
Net assets per share (RO)	<u>0.085</u>	<u>0.088</u>

#### 30 Operating segment

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic units, the Company's Board of Directors and senior management reviews internal management reports on at least a quarterly basis.

## Oman Reinsurance Company SAOG

### Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)

(Expressed in Omani Rial)

#### 30 Operating segment (continued)

The Company has the following operating segments:

	30 June 2022 (un-audited)			30 June 2021 (un-audited)		
	Facultative	Treaty	Total	Facultative	Treaty	Total
<b>Reinsurance revenue:</b>						
Gross written premiums	8,567,028	13,378,503	21,945,531	6,978,754	11,239,180	18,217,934
Less: premiums ceded	(3,628,332)	(2,630,837)	(6,259,169)	(3,002,387)	(2,775,595)	(5,777,982)
Net written premium (a)	4,938,696	10,747,666	15,686,362	3,976,367	8,463,585	12,439,952
Gross unearned premium (movement)	(988,270)	(5,853,284)	(6,841,554)	(9,128)	(4,998,875)	(5,008,003)
Less: reinsurance unearned premiums (movement)	1,818,180	1,068,380	2,886,560	(186,395)	1,103,756	917,361
Net unearned premiums (b)	829,910	(4,784,904)	(3,954,994)	(195,523)	(3,895,119)	(4,090,642)
<b>Net insurance premium earned (c) = (a) + (b)</b>	<b>5,768,606</b>	<b>5,962,762</b>	<b>11,731,368</b>	<b>3,780,844</b>	<b>4,568,466</b>	<b>8,349,310</b>
<b>Cost of reinsurance revenue:</b>						
Commission and tax paid	(1,747,276)	(3,704,214)	(5,451,490)	(1,555,596)	(3,018,172)	(4,573,768)
Reinsurance commission and tax recoveries	165,442	87,475	252,917	401,177	464,106	865,283
Net commission (d)	(1,581,834)	(3,616,739)	(5,198,573)	(1,154,419)	(2,554,066)	(3,708,485)
Deferred acquisition costs (movement)	215,326	1,691,047	1,906,373	49,933	1,348,093	1,398,026
Reinsurance deferred acquisition costs (movement)	(47,026)	28,657	(18,369)	306,137	(80,073)	226,064
Net deferred acquisition costs (e)	168,300	1,719,704	1,888,004	356,070	1,268,020	1,624,090
Interest on premium reserves (net)(f)	-	9,443	9,443	-	7,977	7,977
Net incurred acquisition costs (g) = (d) + (e) + (f)	(1,413,534)	(1,887,592)	(3,301,126)	(798,349)	(1,278,069)	(2,076,418)
Gross claims paid	(2,199,336)	(2,387,368)	(4,586,704)	(2,781,539)	(2,230,376)	(5,011,915)
Less: reinsurance claims recovered	1,002,555	419,253	1,421,808	2,001,453	981,746	2,983,199
Net claims paid (h)	(1,196,781)	(1,968,115)	(3,164,896)	(780,086)	(1,248,630)	(2,028,716)
Change in gross out-standing claims	1,877,976	(531,072)	1,346,904	(2,117,530)	(1,241,721)	(3,359,251)
Less: change in reinsurance claims	(2,780,815)	108,954	(2,671,861)	878,277	598,781	1,477,058
Net out-standing claims (i)	(902,839)	(422,118)	(1,324,957)	(1,239,253)	(642,940)	(1,882,193)
IBNR movement (j)	(1,567,340)	(783,176)	(2,350,516)	7,456	(1,153,761)	(1,146,305)
Net incurred claims (k) = (h) + (i) + (j)	(3,666,960)	(3,173,409)	(6,840,369)	(2,011,883)	(3,045,331)	(5,057,214)
Total cost of insurance (l) = (k) + (g)	(5,080,494)	(5,061,001)	(10,141,495)	(2,810,232)	(4,323,400)	(7,133,632)
<b>Net underwriting profit (m) = (c) + (l)</b>	<b>688,112</b>	<b>901,761</b>	<b>1,589,873</b>	<b>970,612</b>	<b>245,066</b>	<b>1,215,678</b>
<b>Loss ratio</b>	<b>63.6%</b>	<b>53.2%</b>	<b>58.3%</b>	<b>53.2%</b>	<b>66.7%</b>	<b>60.6%</b>

Assets and liabilities of the Company are commonly used across the primary segments.

**Oman Reinsurance Company SAOG**

**Notes to the condensed interim financial information for the six-month period ended 30 June 2022 (un-audited)**

**(Expressed in Omani Rial)**

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**31 Comparative figures**

Certain comparative figures of the previous period/year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current period's condensed interim financial information. Such regrouping or reclassification did not affect previously reported net profit or shareholders' equity.

**32 Significant events and transactions**

**COVID-19 impact**

The outbreak of COVID-19, declared as a global pandemic by the World Health Organisation in March 2020, continues to spread across the world. The pandemic had significant impact on the Sultanate of Oman and other world economies and this is expected to continue for the near future.

The ongoing COVID-19 pandemic is a concern for reinsurers as the market is expected to be exposed across many lines of business. However, the robust risk adjusted capitalisation will ensure that the reinsurers are in a good position to absorb any potential COVID-19 losses on both the underwriting and investments of the

The Company's management has prudently and with a conservative approach, reviewed the potential impact of COVID-19 on its operations and is confident that most of the business areas are not expected to have any material impact from COVID-19 related stress.