OMAN Re

Reinsurance Protection Beyond Expectations

ANNUAL REPORT 2022

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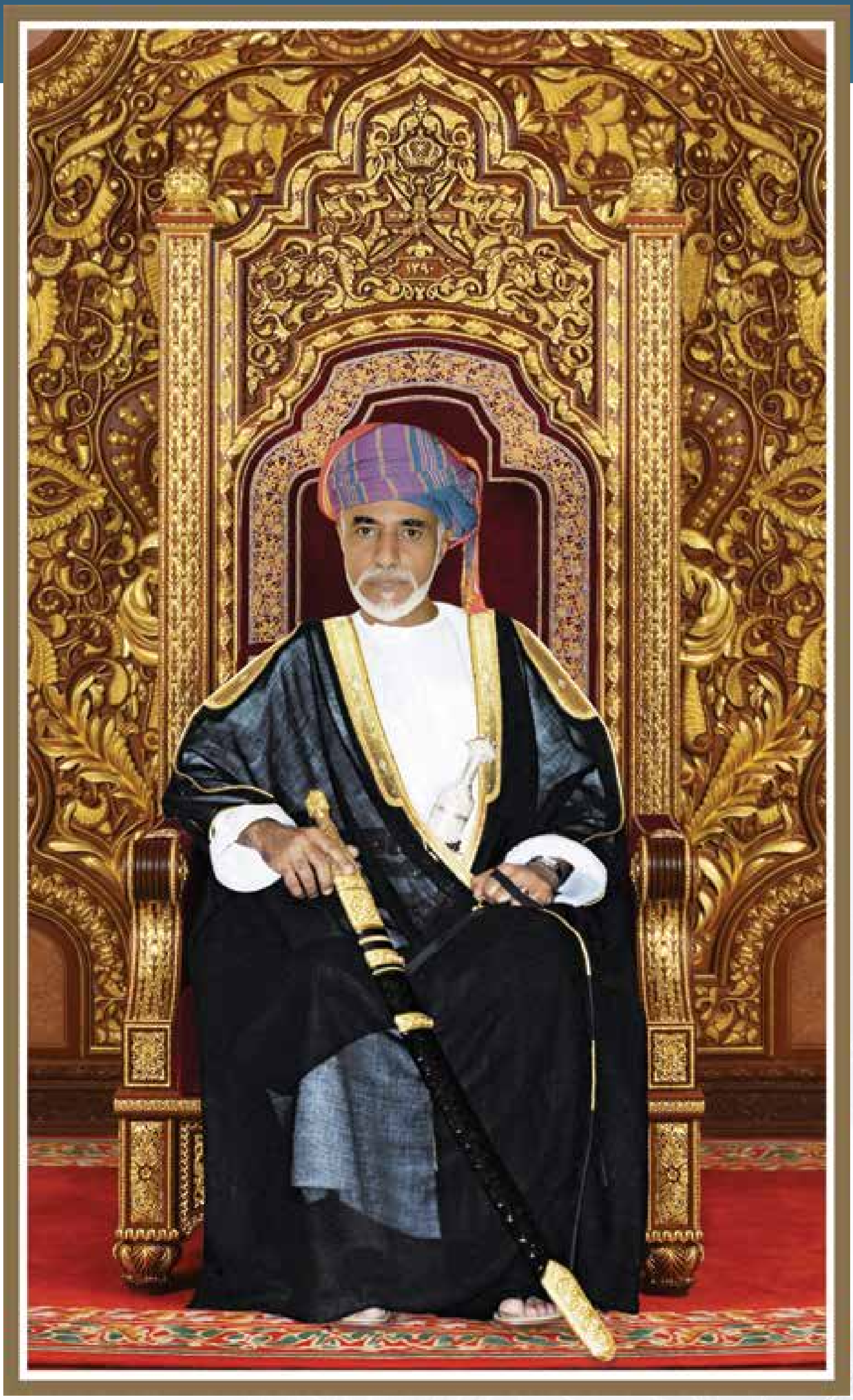
Reinsurance Protection Beyond Expectations

Annual Report 2022

His Majesty Sultan Haitham bin Tarik



His Majesty Sultan Qaboos Bin Said (Late)

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BOARD OF DIRECTORS

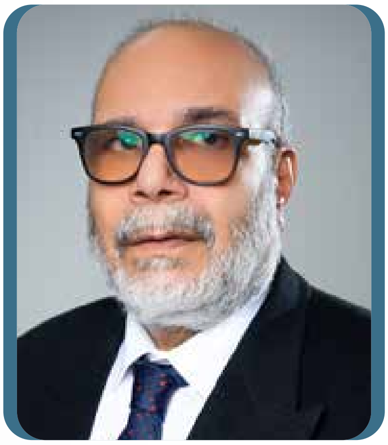
Dr. Juma Bin Ali Al Juma
Chairman

Sheikh Nasser Bin Ali Bin Saud Al Thani
Deputy Chairman

Mr. Kamal Tabaja
Director

Mr. Mohammed El Ailah
Director

Sayyid Mohamed Bin Said Al Busaid
Director



Mr. Gamal Mohamed
Director

Mr. Pramod Kumar Hiran
Director

EXECUTIVE MANAGEMENT

Romel Tabaja
Chief Executive Officer

Khaled Nouiri
Chief Operating Officer

Muzamil Hussain
Chief Financial Officer

DIRECTORS REPORT

Dear Shareholder,

After Compliments,

The Board of Directors is pleased to present the Annual Report of Oman Reinsurance Company S.A.O.G. ("Oman Re" or "the Company") along with the audited financial statements for the year ended 31st December 2022.

The Financial Highlights for fiscal year 2022 are summarized below:

	31 December 2022	31 December 2021
	OMR	OMR
Gross Written Premium (GWP)	36,590,738	27,605,434
Net underwriting result	3,360,325	2,058,254
Investment and other income	2,330,871	2,106,536
Expenditure – General and Admin Expenses	(3,148,629)	(2,596,381)
Net Profit after tax	1,627,024	1,355,455

2022 had been an exceptional year for the Company. The global tailwinds in reinsurance markets along with prudent underwriting by the Company resulted in a substantial increase in underwriting results. The reinsurance pricing globally has been strengthening with a reduction in underwriting capacities because of consistent large cat events and underpricing over the past years resulting in underwriting losses for major players on a regular basis. However, for us as Company, we had a benign year marked with lower Nat-Cat activity and lower large losses. The Company also took advantage of the withdrawal of the reinsurance capacities by the international players in our core markets by increasing our market share and solidifying our brand as a reliable partner in difficult times.

During 2022 the Gross Written Premium (GWP) increased by 32.5% to reach at OMR 36.6 million compared to OMR 27.6 million of last year. Net underwriting results before management expenses increased by 63.3% to reach OMR 3.4 million compared to last year's OMR 2.1 million. The prudent investment management resulted in an increase of 10.6% in investment income which reached OMR 2.3 million in 2021 compared to OMR 2.1 million in 2021. The net profit after tax for 2022 is OMR 1.6 million, compared to last year's OMR 1.3 million.

Business Environment and Key Initiatives during the year 2022

Oman Re's Vision is "Reinsurance Protection beyond Expectations". The Company sees significant potential to achieve its Vision knowing that the MENA region specifically remains an attractive, high-growth market for reinsurance given its relatively low levels of insurance penetration. Furthermore, reinsurers in MENA region are expected to play an increasingly important part in supporting regional governments' economic diversification drives away from oil; Oman Re is no exception.

Over the years, Oman Re has made notable progress by means of various strategic initiatives, to strengthen its foothold in the Sultanate and in the wider territorial scope where it operates (Afro-Asian countries). Furthermore, support from a highly respected regulatory regime, the Capital Market Authority (CMA) and the stable economic environment of the Sultanate are additional factors in instilling market confidence in the Company, and for the Company to become the preferred reinsurance partner in Oman and the broader region.

As part of its long-term vision to be a key player in the Omani market and to add value to its economy, Oman Re undertook the following key activities during 2022:

- Oman Re actively contributed towards the bidding process of the OIA & CMA initiative to host the largest gathering of regional insurers in Muscat, i.e., the 34th General Arab Insurance Federation (GAIF) Conference. Further to the successful bid, which was announced during the 33rd GAIF Conference in

Algeria in June 2022, the Muscat-based event will be held the Oman Convention and Exhibition Centre (OCEC) from 18th to 21st February 2024. Over 2,500 regional and international insurance professionals are expected to be part of this key event ahead.

- The Company conducted a "Reinsurance Webinar" on 10th October 2022 for the Omani market led by senior professionals from the Facultative and Treaty underwriting teams. Over 150 participants benefitted from this interactive event covering the concepts, principles and practice of reinsurance.
- Considering the increased frequency of natural catastrophe events in Oman in the recent years, Oman Re initiated - a national dialogue with the regulator and Oman Insurance Association in view of mitigation and management of natural catastrophes affecting the Sultanate since 2018. In November 2021, following Cyclone Shaheen, Oman Re conducted in coordination with the Capital Market Authority, a workshop on this subject involving the Omani Insurance Association and all decision makers of the local insurance companies. All participants concorded on the importance of the establishment of a Nat Cat Pool for Omani market. A Steering Committee with representatives from six local companies and chaired by Oman Re was formed and is actively working on the various technical aspects of the reinsurance pool formation. Oman Re was elected by the steering committee as the Nat Cat Pool Manager, which will positively reinforce our status as the reinsurance leader in Oman and boost our brand image regionally. The deployment of the Omani Nat Cat Pool was planned for second half of year 2022. The steering committee completed their assessment of the Motor Nat CAT pool section and shared their proposal with the Capital Market Authority for formal approval and necessary insurance law amendments. With regards to the Non Marine Nat Cat pool, the steering committee completed the data collection and modeling. At this point in time the steering committee is working on various pricing option of the cover with international reinsurance market.
- Oman Re has maintained its business from the local market in 2022 despite a more selective underwriting of treaty accounts. On the other hand, our facultative portfolio increased during 2022 due to favorable rate movements and also as part of our overall strategy to rebalance our business mix towards facultative book because of better results. Oman continues to be our key market where we write 7.0% of our business.
- The Company is expected to reinforce its position as a lead reinsurer in Oman in 2023 and in the years ahead. Please find below figures of GWP from Omani market by underwriting year:

	2022	**2021**	**2020**
	OMR	OMR	OMR
Treaty	982,287	1,136,647	941,847
Facultative	1,781,937	1,552,946	1,066,636
Total	**2,764,224**	**2,689,593**	**2,008,483**

Development of Omani Talent

A key strategic initiative for Oman Re is continuous training and development of its human assets, especially the Omani cadre. In this regard Oman Re conducted the following:

- The Company extended great emphasis towards people development activities and launched an in-house online learning platform in March 2022, the "Oman Re Learning Hub" in collaboration with an international partner – Skillsoft Percipio. Over 500 business silks courses were undertaken collectively by all staff members.
- Also in March 2022, the Company introduced the "Professional Certifications Incentive Scheme", whereby 15 staff members are enrolled for various global qualifications from UK-based institutions, such as the Chartered Insurance Institute (CII); the Association of Chartered Certified Accountants (ACCA); and the International Compliance Association (ICA).
- All staff members completed the Anti-Money Laundering & Counter-Terrorism Financing course; Health & Safety course; and Team Building Activity during year 2022. Additionally, all functional heads participated in the Leadership Development Workshop, and various staff members from the Operations, Support and

Control divisions actively participated in the respective domain specific training courses during the year.

- Oman Re, under the umbrella of Oman Insurance Association (OIA), also collaborated with the Chartered Insurance Institute (CII) and the Foundation for Insurance and Finance Education (FIFE) to conduct two groups (English & Arabic respectively) of "Certificate in Insurance (Cert CII)" professional designation qualification for insurance personnel within the Omani market during year 2022. With 40 candidates collectively enrolled for the English & Arabic programs, 22 candidates completed the coveted qualification comprising of three courses, and other 18 candidates completed training for their three courses with exams to follow. A certification ceremony in this regard was held on 22nd November 2022 to coincide with OIA's Annual Meeting of Members. Over 100 professionals representing insurers, reinsurers, brokers as well as the Capital Market Authority (CMA) – the Omani insurance industry regulators witnessed and participated in the certification event.
- Furthermore, in collaboration with the Capital Market Authority (CMA) and the Ministry of Labour (MOL) in Oman, Oman Re has curated an ambitious Graduate Development Program in Insurance (GDPI), whereby ten high calibre Omani youth will be enrolled into the program with core objective being to create highly skilled and competent insurance and reinsurance professionals in order to promote advancement within the operations and services of the insurance industry in the Sultanate of Oman. The selected candidates will be hosted by Oman Re for one year period, whereby they are scheduled to undertake the Certificate in Insurance (Cert CII) professional qualification in partnership with the Foundation for Insurance and Finance Education (FIFE) along with on-the-job learning within the Oman Re's Operations Division (Underwriting, Claims and Technical Accounts) under the mentorship of the Company's designated subject matter experts. Upon successful completion of the GDPI program, local insurance companies (including Oman Re) have committed to recruit all candidates into relevant technical positions. Work is in final stages on this project with certain financial approvals being awaited from MOL, the sponsor of this GDPI program.

Corporate Social Responsibility (CSR)

Oman Re is fully committed to be a responsible business by contributing back to the society in which it operates. During 2022, Oman Re contributed the following to different charitable causes:

Sr. No.	Particulars	Amount
1.	Ramadan food drive	2,000
2.	Oman Charitable Organization	2,000
3.	Cancer Association of Oman	1,000
4.	Al Noor Association for Blind	1,000
5.	Oman Association for Disabled	1,000
6.	Dar Al Atta	1,000
7.	Amerat Charity	2,000
	Total	**10,000**

The Company will extend its CSR activities during 2023 in respect of health in general and will also support the underprivileged members of society. The Company is planning to spend OMR 15,000 with respect to CSR activities in 2023.

Financial Performance

Premium

In the year 2022, the total Gross Written Premium was OMR 36.6 million compared to OMR 27.6 million in 2021, an increase of 32.5% year on year. Treaty increased by 19.6% to reach OMR 16.8 million compared to OMR 14.1 million in 2021; Facultative increased by 46.0% to reach OMR 19.7 million compared to OMR 13.5 million in 2021.

Claims

In the year 2022, total Net Incurred Claims amounted to OMR 14.8 million as against OMR 11.3 million in 2021. The net incurred claims increased by 31.2% in nominal terms due to the growth in the business volume. However, in terms of loss ratio there has been a substantial decrease, i.e., from 63.1% in 2021 to 58.4% in 2022. The details are given below:

(Amounts in OMR)

Sr. No.	Description	2022	2021
1.	Net claims settled during the year	6,489,962	4,789,045
2.	Movement in net outstanding claims	3,305,140	4,519,736
3.	Movement in net IBNR claims provision	5,026,328	1,990,987
4.	**Net incurred claims**	**14,821,430**	**11,299,768**

Reserves and Provisions

The IBNR (Incurred But Not Reported) reserves of the Company stood at OMR 13.7 million (gross) and OMR 12.2 million (net) at the end of 2022, against OMR 8.8 million (gross) and OMR 7.2 million (net) respectively for 2021.

The Reserves and Provisions for the year 2022 are as per the details given below:

(Amounts in OMR)

Sr. No.	Description	2022	2021
1.	Net Unearned Premium Reserve	13,596,720	9,964,332
2.	Net Outstanding Claims Provision (including IBNR)	30,929,216	22,597,748
	Total	**44,525,936**	**32,562,080**

General and Administrative Expenses

In the year 2022, the total expenditure amounted to OMR 3.1 million as against OMR 2.6 million in 2021. Although expenses as nominal amount increased by 21.3%, the General and Administrative expenses on Gross Written Premium dropped to 8.6% compared to 9.4% in 2021. The details are given below:

(Amounts in OMR)

Sr. No.	Description	2022	2021
1.	General and Administrative expenses	3,148,629	2,596,381
	Total	**3,148,629**	**2,596,381**

Investment Income

The Investment and other income for the year 2022 was OMR 2.3 million as against OMR 2.1 million in 2021. There was a significant increase of 10.6% in investment income compared to prior year as per the below mentioned details:

(Amounts in OMR)

Sr. No.	Description	2022	2021
1	Interest income	2,181,937	1,848,628
2	Dividend income	115,490	111,237
3.	Realised gains on sale of investments at fair value through other comprehensive income	9,351	184,422
4.	Unrealised fair value gains/(loss) on investments at fair value through profit or loss	9,609	(133)
5.	Custody expenses	708	-
6.	Custody expenses	(14,484)	(37,618)
7.	Other income	28,260	-
	Total	**2,330,871**	**2,106,536**

Share Capital

In line with requirements from the Capital Market Authority (CMA) for licensees, Oman Re's paid up capital at 31st December 2022 stood at OMR 32.6 million (approximately USD 84.7 million), thus fulfilling one of the key licensing / regulatory requirements.

Reinsurance License

During 2019, the Company successfully renewed its Reinsurance License from CMA for a period of five years up to 15th June 2024.

Internal Audit

Internal Audit Department (IAD) promotes action on audit advice and reinforces staff accountability and commitment to results. It's ultimate aim is to enhance Oman Re's risk management and control systems. In 2022, IAD fully executed the risk-based internal audit plan for 2022, which was approved by the Audit Committee.

Risk and Actuarial

As part of its remit during 2022, the Risk and Actuarial Department (RAD) has been working on embedding the Enterprise Risk Management (ERM) framework throughout the Company, supported by a comprehensive Risk Management Policy. It also monitors adherence to the risk appetite set by the Board by means of Top Risks report and Risk Tolerance Control reports, with the result of developing a risk-based decision-making process throughout the Company.

Future Plans

Based on our Vision, "Reinsurance Protection Beyond Expectations", we aim to position Oman Re as a reinsurer renowned for providing innovative and responsive solutions. Oman Re complies with best corporate governance practices. Through our commitment to the insurance and reinsurance industries, we will continue to build our reputation as a financially strong reinsurer with highly acceptable quality of security.

To achieve our vision, Oman Re will:

- Be guided by clear and sound underwriting principles and guidelines that lay emphasis on quality rather than volume in view of sustained and profitable growth to the satisfaction of our shareholders.
- Be committed to its values of Integrity, Dynamic Culture and Transparency within the workplace and in dealings with clients.
- Seek long-lasting and mutually beneficial partnerships with clients.
- Develop and retain a highly motivated professional team.
- Recognize and reward strong performance; individuals will be appraised for their contribution to the Company and rewarded appropriately.
- Embed and establish systems and procedures so the Company can manage risks and encourage creativity.
- Comply with Corporate Governance principles to ensure transparency and to protect the interests of the shareholders and the reputation of the Company.
- In order to obtain a sound financial rating, the Company will maintain risk-adjusted capitalization at levels sufficient to absorb our growth and follow a disciplined underwriting approach.

Year 2022 marked the last year of our 3-year business planning cycle titled "BROADENING OUR HORIZON FOR PROFITABLE GROWTH". Oman Re focused on the following strategic objectives during 2022:

a) Enhance business profile and expand profitably.

b) Diversification in terms of both geography and lines of business.

c) Promote Oman Re as a regional leader.

d) To manage the credit rating exercise, with the aim of improving the current rating.

e) Proximity to clients through regional operations.

f) Embedding ERM.

g) Strengthening the Human Capital.

h) Invest in optimising efficiencies.

At the end of 2022, the BOD approved 2023-2025 business planning cycle titled "SHAPING THE FUTURE OF OMAN RE"

Oman Re Property

The Company has obtained most of the necessary regulatory permits with respect to the approval of design and construction of the property. Due to the overall economic challenges of property market in Oman, the Board of Directors has deferred the project until there is improvement in the overall economic and property markets.

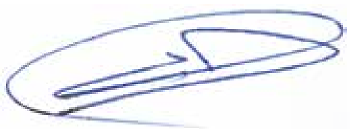
Acknowledgements and Appreciation

On behalf of the Board of Directors, the Executive Management and the Staff Members, we are honoured to express our sincere gratitude to His Majesty Sultan Haitham bin Tarik Al Said for his visionary leadership and we pray to the Almighty God to grant him every strength to continue to lead the Sultanate on the path of sustainable development.

May almighty god save Oman, its leader and citizens.

The Directors of Oman Re wish to acknowledge the valuable guidance and assistance received from the Capital Market Authority, Ministry of Commerce, Industry and Investment Promotion, and the support received from clients and business partners. We look forward to receiving their continued support and encouragement.

The Directors also wish to extend their thanks and appreciation and express their gratitude for the continuing commitment and dedication of its shareholders, the Executive Management and employees at all levels. The Directors are thankful to the esteemed shareholders for their support and the confidence placed in the Company and the Board.



Dr. Juma Bin Ali Al Juma
Chairman of the Board

BDO

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Sultanate of Oman

AGREED-UPON PROCEDURES REPORT ON CODE OF CORPORATE GOVERNANCE TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Oman Reinsurance Company SAOG ("the Company") in determining whether the Company is compliant with the Code of Corporate Governance (the "Code") of the Capital Market Authority ("CMA"), as prescribed in the CMA Circular No. E/10/2016 dated 1 December 2016 and may not be suitable for another purpose.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company (also the Responsible Party) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company and, reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or sufficiency of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical and independence requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and, accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

BDO

AGREED-UPON PROCEDURES REPORT ON CODE OF CORPORATE GOVERNANCE TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of our engagement letter on the compliance with the requirements of the Code and report to you the findings resulting from our work:

S. No	Procedures	Findings
(a)	We obtained the Corporate Governance Report ("the Report") issued by the Board of Directors and compared it to Annexure 3 of the Code to determine whether the Report includes as a minimum, all items suggested by the CMA in Annexure 3.	No exceptions were noted.
(b)	We obtained the details regarding the areas of non-compliance with the Code identified by the Company's Board of Directors, included in the Report in the section "Compliance acknowledgements.", together with the reasons for such non-compliance for the year ended 31 December 2022.	No exceptions were noted.

BDO
Muscat
15 February 2023

ص.ب. BDO LLC بي دي أو ش.م.م
P.O.Box: 1176
PC: 112, Ruwi
Sultanate of Oman
Public Accountants & Management Consultants

B. Kapur
Bipin Kapur
Partner
M. No: 043615
Institute of Chartered Accountants of India

Oman Reinsurance Company SAOG
Corporate Governance Report

For the year ended 31st December 2022

1. Company Philosophy

The Company is committed to execute all its operations in an environment of highest integrity and quality. We promote a culture of best practices, which are consistent with the Code of Corporate Governance for Insurance Companies. Those best practices give the comfort to our various stakeholders that the Company's brand, image and goodwill is well-protected. The Code of Conduct and Ethics implemented in the Company is of the highest standards and it is implemented across all levels of the Company.

The main principles, which the Company applies to ensure that it is compliant with the various regulations are the following:

a) The Board of Directors comprises of 7 Directors, with minimum of 4 independent directors.

b) The Internal Audit Department is managed by a senior staff member who is independent from the operations and reports directly to the Audit Committee.

c) The Compliance Department is managed by a senior staff member who is independent from the operations and reports directly to the Risk Committee.

d) Holding the Board Meetings and Committees in accordance with the laws of the Sultanate of Oman.

2. Annual General Meeting

The Annual General Meeting for financial year ended 31st December 2021 was held on 24th March 2022 and the following items were discussed and approved:

1. To consider and approve the Board of Directors Report of the Company for the financial year ended 31st December 2021;
2. To consider and approve the Corporate Governance Report of the Company for the financial year ended 31st December 2021;
3. To consider and approve the Auditor's Report and Financial Statements of the Company for the financial year ended 31st December 2021;
4. To consider and approve the related party transactions of the Company for the financial year ended 31st December 2021;
5. To ratify the sitting fees of the Board and sub-committees for the financial year ended 31st December 2021 and to fix the fees for the next year;
6. To notify the General Assembly of donations disbursed to support community services during the financial year ended on 31 December 2021.
7. To consider and approve the allocation of a budget of OMR 10,000 (Omani Rials ten thousand) to support community services during the financial year ending 31st December 2022.
8. To appoint the auditors for the financial year ending 31st December 2022 and fixing their fees.
9. To approve the standards for evaluating Board performance.
10. To appoint an independent party to evaluate the Board performance for the financial year ending on 31st December 2022 and fix their fees.

The following Board Members attended the Annual General Meeting held on 24th March 2022:

1. Dr. Juma Bin Ali Al Juma
2. Mr. Pramod Kumar Hiran
3. Mr. Kamal Tabaja
4. Mr. Sayyid Mohamed Bin Said Al Busaid
5. Mr. Gamal Mohamed

3. Board of Directors

The composition of the Board of Directors as at 31st December 2022 is as following:

Sr. No.	Name and Position	Category, Independence and Entity represented			Other Directorships
1	Dr. Juma Bin Ali Al Juma	Non-Executive	Independent	Zeretia Holdings, Cyprus	None
2	Sheikh Nasser Bin Ali Bin Saud Al Thani	Non-Executive	Independent	Al-Sari Trading Company, Qatar	5
3	Mr. Pramod Kumar Hiran	Non-Executive	Independent	Omar Zawawi Establishment, Oman	5
4	Mr. Gamal Mohamed	Non-Executive	Independent	Zawawi Trading Company LLC, Oman	1
5	Sayyid Mohamed Bin Said Al Busaid	Non-Executive	Independent	Himself	None
6	Mr. Kamal Tabaja	Non-Executive	Non-Independent	Trust International Insurance and Reinsurance Company BSC (C), Bahrain	None
7	Mr. Mohammed El Ailah	Non-Executive	Non-Independent	Qatar General Insurance and Reinsurance Company QPSC, Qatar	2

3a. Profile of the Current Board of Directors:

Dr. Juma Bin Ali Al Juma

Chairman

Holder of a PhD in Political Sciences, a master's degree in Political Sciences and bachelor's degree in Economics and Political Sciences. From 2001 to 2008, he was Minister of Manpower and more recently from 2010 to 2015, Dr. Juma was Chairman of Board of Directors at Oman Airports Management Company. His previous directorships include Chairman of the Board of Trustees and Chief of the Founding Committee at Muscat University; Chairman of Oman International Bank; Chairman of Oman Arab Bank; Senior Independent Director as well as Independent Non-Executive Director at HSBC Bank, Oman and Chairman of the Board of Directors at Al Maha Petroleum Products Marketing Company. Dr. Juma was also Board member in various insurance companies in the Sultanate.

Sheikh Nasser Bin Ali Bin Saud Al Thani

Deputy Chairman

Sheikh Nasser has vast experience within the Insurance and Banking sectors and sits on the Boards of several regional organizations. Shiekh Nasser is currently a board member in Ahli Bank – Qatar; Trust Bank – Algeria; Expatriates Investment Holding – Jordan; Trust Insurance – Algeria; and Trust International Insurance – Palestine. Previously, he was the Chairman and Managing Director of Qatar General Insurance and Reinsurance Company – Qatar, and Chairman and Managing Director of General Takaful Company - Qatar.

Pramod Kumar Hiran

Member

Mr. Pramod Kumar Hiran is a Science graduate, an Associate Member of the Institute of Chartered Accountants of India, and a Member of the Institute of Cost Accountants of India. He has over 29 years of professional experience working with merchant bankers, manufacturing organizations and a leading telecom operator in India. He is associated with OMZEST group for over 6 years and is on the Board of Muscat Finance SAOG, National Detergents Co. SAOG, Oman Agriculture Development Co. SAOC, Akzo Nobel Oman SAOC and Oman Textiles Holding Co. SAOC.

Gamal Mohamed

Member

Mr. Gamal Mohamed graduated from College of Commerce at Alexandria University in 1977. His core competency lies in the area of taxation via experiences with Egyptian Tax Authority and the Secretariat General of Taxation, Sultanate of Oman until his employment with Omar Zawawi Establishment as tax advisor since 2000. Mr. Gamal is currently a Board member in Muscat Finance Company SAOG.

Sayyid Mohamed Bin Said Al Busaid

Member

Sayyid Mohamed Bin Said Al Busaid is the Chief Executive Officer at Al Ekhlas International LLC, Muscat since 2016. With broad experience within the corporate governance and legal affairs, Sayyid Mohamed earlier was an Associate at Al Busaidi Mansoor Jamal – Barristers and Legal Consultants. He was the Board member at Muscat University. He holds a Bachelor of Business degree with management concentration, a Master of Laws degree in International Commercial Law and PHD in Islamic Finance from SOAS University of London.

Kamal Tabaja

Member

Mr. Kamal Tabaja is the Group Chief Operating Officer at Trust Re since 2014 and CEO of Trust Insurance Management (TIM), Bahrain since 2016. Mr. Tabaja is a graduate in Systems and Computer Engineering from Carleton University in Canada and a fellow of the UK-based Chartered Insurance Institute (FCII). He commenced his Reinsurance career with Trust Re in 2002 in the Treaty Department. He moved several positions within the company in the Property and Engineering sections and thereafter led the Energy section. In 2013, Mr. Tabaja was promoted as Group Chief Underwriter to be followed in 2014 to his current position as Group COO, whereby he leads the operations and underwriting teams.

Mohammed El Ailah

Member

Mr. Mohamed El Ailah is the CEO – Insurance at Qatar General Insurance and Reinsurance Company (QGIRCO). With over 20 years of broad experience within the regional insurance space, Mr. El Ailah has held many leadership and Board-level positions throughout his career. He has previously worked as Head of Underwriting and COO – Insurance at QGRICO, and as General Manager at General Takaful Company, Qatar. He is currently a Board Member at General Takaful Company and a board member in Gulf Assist – Bahrain. Mr. El Ailah holds master's degree in Insurance and Risk Management from Cass Business School of the -City University of London; bachelor's degree in Mechanical Engineering from the American University in Cairo; and he is also an Associate of the Chartered Insurance Institute, UK.

3b. Procedure for Nomination of Directors

The Company follows the provisions of the Commercial Companies Law of Oman, Capital Market Authority's (CMA's) directives and other guidelines in respect of nomination for the membership of the Board of Directors.

3c. Board Meetings:

During the year, 6 meetings of the Board of Directors were held on 14th February, 27th April, 30th May, 27th July, 27th October and 15th December 2022. Details of members' participation in the Board and Committee meetings along with sitting fees paid are given in the table below:

Name of Director	Position	Board Meetings Attended	Board Committee Meetings Attended	Sitting Fees (OMR)
Dr. Juma Bin Ali Al Juma	Chairman	6	2	7,200
Shaikh Nasser Bin Ali Bin Saud Al Thani	Deputy Chairman	5	1	5,600
Mr. Pramod Kumar Hiran	Director	6	2	7,200
Mr. Gamal Mohamed	Director	5	6	8,600
Sayyid Mohamed Bin Said Al Busaid	Director	6	9	11,400
Mr. Kamal Tabaja	Director	6	8	10,800
Mr. Mohamed El Ailah	Director	6	2	7,200

4. Audit Committee of the Board

The main role of the Audit Committee of the Board (ACB) is to:

1. Assist the Board in appointment of external and internal auditors in the context of their independency, compensation and terms of engagement.
2. Assist the Board in overseeing and reviewing the financial statements of the Company.
3. Oversee internal audit function and adequacy of internal controls.
4. Review and recommend to the Board about Company's policies related to all the accounting practices.
5. Any other matter provided in the Code of Corporate Governance.

The Committee comprises of 2 independent and 1 non-independent directors as of 31st December 2022. Mr. Gamal Mohamed is the Chairman. During the year, 7 meetings were held on 12th January, 14th February, 27th April, 29th May, 27th July, 26th October and 15th December 2022. Details of members' participation in the meetings are given in the table below:

Name of Director	Position	Meetings Attended
Mr. Gamal Mohamed	Chairman	6
Mr. Kamal Tabaja	Member	6
Sayyid Mohamed Bin Said Al Busaid	Member	7

The ACB discussed and recommended to the Board to approve, if required, the following:

1. Financial statements submitted by the Management.
2. Actuarial Reports.
3. External Auditor's Report including Management letter and Management comments.
4. Internal Auditor's Reports including Management comments.
5. Internal Audit Policies and Procedures.
6. Authorities and responsibilities of the Senior Management and its compliance.
7. Any other matter required by regulation.

The minutes of the ACB meeting were discussed and approved in the subsequent Board Meeting.

5. Risk Committee of the Board

The purpose of the Risk Committee of the Board (RCB) is to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation, and mitigation of strategic, operational, and external environment risks. The committee has an overall responsibility for monitoring and approving the risk management framework of the Company.

as of 31st December 2022. Mr. The RCB comprises of 2 non-independent Directors and one independent Director

Kamal Tabaja is the Chairman. During the year, 2 meetings were held on 29th May and 26th October 2022. Details :of members' participation in the meetings are given in the table below

Name of Director	Position	Meetings Attended
Mr. Kamal Tabaja	Chairman	2
Mr. Pramod Kumar Hiran	Member	2
Mr. Mohammed El Ailah	Member	2

The RCB discussed and recommended to the Board to approve, if required, the following:

1. Risk profile and risk management system framework of the Company.
2. Retrocession program and policy presented by the Management.
3. ActuarialReports.
4. Adequacy of IBNR provision.
5. Risk Reports presented by the Risk Department.
6. Investment Plan for 2023.
7. Various investment proposals.
8. Rating agency related matters.
9. Various regulatory compliance related matters.
10. Policies and procedures.
11. Any other matter required by regulations.

The minutes of each RCB meeting were discussed and approved in the subsequent Board Meeting.

6. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was formed to assist the Board of Directors of the Company in monitoring and managing in the matters of recruitment, compensation, salaries, etc. Also, to provide consultancy to the Company with regards to employing and compensating.

The NRC consists of 3 independent Directors. Shaikh Nasser Bin Ali Bin Saud Al Thani is the Chairman of the Committee. During the year, 2 meetings were held on 30th May and 27th October 2022. Details of members' participation in the meetings are given in the table below:

Name of Director	Position	Meetings Attended
Shaikh Nasser Bin Ali Bin Saud Al Thani	Chairman	1
Dr. Juma Bin Ali Al Juma	Member	2
Sayyid Mohamed Bin Said Al Busaid	Member	2

The NRC discussed and recommended to the Board to approve, if required, the following:

1. Human Resources Plan for 2023.
2. Human Resources Policies and Procedures.
3. Discussion of a report on HR matters which included the job vacancies, compensation and benefits, recruitment and resignation of key staff members.
4. Hiring of key positions.
5. Any other matter required by regulation.

The minutes of each NRC meeting were discussed and approved in the subsequent Board Meeting.

7. Profile of Executive Management

Mr. Romel Tabaja, Chief Executive Officer (CEO)

Romel holds a B.Sc. in Banking and Finance from the Lebanese American University in Beirut. Prior to being appointed to the Oman Re team in 2016, he was Deputy CEO at Trust Re for five years. Romel's multifaceted experience comprises a variety of challenging underwriting positions, marketing, managing portfolios as well as general management. He has a Certificate in Reinsurance along with a Diploma in Insurance. He has also completed Executive Management and Financial Programs at INSEAD Business School, France.

Mr. Khaled Nouiri, Chief Operating Officer (COO)

Khaled holds a Master's degree in Insurance and has more than 25 years of non-life reinsurance experience. He enjoys in-depth knowledge of the reinsurance business, both in Treaty and Facultative, within the Afro-Asian region. He has held underwriting, marketing and managerial positions with regional and international reinsurance companies before joining Oman Re as COO in 2016.

Mr. Muzamil Hussain, Chief Financial Officer (CFO)

Muzamil is a Chartered Accountant from Pakistan and a Chartered Financial Analyst from CFA Institute, USA. He has vast experience in different industries in the fields of Accounting and Finance. He has held managerial positions in big four audit firms and an international reinsurance company prior to joining Oman Re.

The total remuneration including salary, benefits and end of service contributions for the top three executives during the year were OMR 378,502.

The Executive Management of the Company prepares a Business Plan, which sets out the objectives, goals and targets of the company for the respective year and Management Plan to achieve such goals and targets. The Executive Management coordinates with all departments of the Company's divisions to set their goals based on the overall Business Plan of the Company. The Board of Directors review the Company's Business Plan during the year and by end of the year, the Board evaluates the performance of the Executive Management and employees in general and decides on the bonus to be paid to the management and the staff based on their respective performances.

8. Communication with Shareholders

In accordance with Article 217 of Commercial Companies' Law No 18/2019 as amended, the Company will be sending the Audited Financial Statements, Board of Directors' and the Corporate Governance Reports, and the Related Party Transactions to the shareholders. Further, the Company will send an invitation to the shareholders to attend the Annual General Meeting with the agenda of the meeting, through registered mail or delivery by hand. In addition to that, the Company is posting the quarterly and annual results in its official website to be available to all shareholders.

Given below are the details of the shareholders, their shares and percentage of shareholding (more than 5%) as on 31st December 2022 as per Muscat Clearing and Deposit Company's records:

Sr. No.	Name of the Shareholder	No of Shares	Holding %
1	Qatar General Insurance & Reinsurance Company QPSC	73,750,200	%22.296
2	Trust International Insurance & Reinsurance Company BSC (C)	89,916,700	27.184%
3	Omar Zawawi Establishment	27,642,650	8.357%
4	Zawawi Trading Company LLC	28,500,000	%8.616
5	Ziliano Investments	30,000,000	9.070%
6	Others – holding less than 5%	80,966,050	24.477%%
	Total	**330,775,600**	**100.000%**

9. Profile of the Statutory Auditors:

In the AGM held on 24 March 2022, the statutory auditors BDO LLC ('BDO') were appointed.

BDO LLC, the statutory auditors of the Company, have been operating in the Sultanate of Oman since 1976. BDO LLC is an independent and legally distinct member firm of BDO International Limited. BDO, one of the leading professional services firms, providing industry focused Assurance, Tax and Advisory services, has over 111,000 employees working in a global network of 1,803 offices situated in 164 countries and territories.

BDO LLC is accredited by the Capital Market Authority to audit listed public stock companies (SAOGs) in Oman. BDO LLC billed an amount of RO 16,200 towards professional services rendered to the Company for the year 2022 (whole amount for audit and assurance services).

This was as per the recommendation of the Board of Directors' and approved by the Company's Ordinary General Meeting.

10. Business Management & Performance for 2022:

A copy of Management Discussion and Analysis Report is included in the annual report.

In view of the Management Discussion and Analysis Report, the Board of Directors appreciate the efforts made by the management to achieve profitability during the past year, regardless of the various challenges faced by the global economy and the Omani insurance market in particular.

11. Movements in the share price:

The company was listed at MSX on 1st November 2021 with issue price of 85 baiza in addition to 1 baiza issue expenses. There was no movement recorded in the share price during 2022 since the closure of the IPO.

12. Related party transactions

Related parties comprise of the shareholders, directors, key management personnel, business entities and any party having the ability to control or exercise significant influence in financial and operating decisions. The Company entered into transactions with shareholders (refer note 21 of the Financial Statements) with significant influence, with entities where Directors have an interest (other related parties) and with senior management. The terms of the transactions are mutually agreed (Refer to note 21 of the Financial Statements).

13. Compliance acknowledgments:

- Details of non-compliance by the company:

There were no penalties or strictures imposed by the Capital Market Authority (CMA) or Muscat Stock Exchange (MSX) or any other authorities on the Company for any matters related to capital market during the last three years.

- Details of compliance with the provisions of code of corporate governance

This Corporate Governance Report is prepared in compliance with the Code of Corporate Governance issued by the Capital Market Authority.

14. Acknowledgement by the Board

We, the Board of Directors, hereby confirm that:

1. The Financial Statements are prepared and presented in accordance with the International Financial Reporting Standards (IFRS). They are audited by the Company's External Auditors.
2. Related party transactions are highlighted in the Financial Statements.
3. The Company has an Internal Audit Department and Compliance Department.
4. There are no material facts or issues, which will affect the Company's ability to continue its operations in the next financial years.
5. The regulators have not imposed any material penalty on the Company during the last three years.

Dr. Juma Bin Ali Al Juma
Chairman of the Board

Oman Reinsurance Company SAOG
Management Discussion and Analysis Report

For The Year Ended 31 December 2022

Introduction

Oman Reinsurance Company SAOG ("Oman Re" or "Company") is the first reinsurance company to be established in the Sultanate of Oman with the purpose of writing Facultative and Treaty business from local and international markets. Oman Re's current territorial scope includes all Afro-Asian countries, CEE and CIS markets and it writes marine and non-marine lines of business.

Oman Re commenced operations in July 2009 with a paid-up capital of OMR 5,000,000. Capital was gradually increased to OMR 30,000,000. During 2021, the Company received additional OMR 2,615,926 during the Initial Public Offer making the total paid-up capital of the Company to OMR 32,615,926 as at 31 December 2021. There was no change in paid up capital during 2022.

Fitch Ratings has assigned an Insurer Financial Strength (IFS) rating of 'BB+' with stable outlook to Oman Re.

Reinsurance Market Outlook

Based on Gallagher Re's reinsurance market report of September 2022, which tracks the capital and profitability of the global reinsurance industry, the global reinsurance sector continued to report strong premium growth and underwriting profitability at half-year 2022. However, during late Q3 2022, a large and destructive Category 4 Storm – Hurricane Ian made a series of landfalls across Cuba and Florida, United States, and left widespread and catastrophic damage in many areas of Florida. The Nat Cat losses of this storm are estimated to exceed USD 100 billion, being the costliest Cat event in the US following Hurricane Catrina in 2005, and with severe impact on the insurance and reinsurance industry.

As at half-year 2022, Returns on Equities (ROEs) and capital levels were pulled lower due to a fall in the market value of bonds (due to rising interest rates and widening credit spreads) and equities. Nevertheless, the global reinsurance industry's financial strength remains healthy with an improving trend of underlying profitability.

Global reinsurance dedicated capital totalled USD 647 billion at half-year 2022, down 11% from the restated 2021 base, with the reduction primarily driven by investment losses. Although capital has reduced on an accounting basis, rating agency and regulatory measures of capital adequacy have been less impacted. As an example, average European solvency ratios increased during 2022 HY despite significant decreases in reported shareholders' equity. However, the decline in equity could become an issue for companies' ratings if there is any strain on liquidity that forces them to recognize significant losses.

Focusing on the INDEX companies, which contribute over 80% of the industry's capital:

- INDEX capital reduced by 14%.
- The key driver of this reduction was significant unrealized investment losses, almost half of which was attributable to National Indemnity.
- Capital return through buybacks and dividends exceeded a modest contribution from net earnings.

In view of AM Best's market segment report of August 2022, despite lingering economic and operational challenges stemming from the COVID-19 pandemic; the outlook for the global reinsurance industry remains at Stable. Over the last year, a series of both positive and negative drivers have tended to counter each other, resulting in a state of equilibrium for the industry. However, heightened catastrophe and secondary peril activity over the last five years have put investors' risk tolerance levels to the test, and recent fears about sustained inflation and a potential recession may point to a decline in overall available capital.

The rising underwriting rate environment and improving terms and conditions of the past five years have been accretive to capital levels. These favorable market conditions have been partially counterbalanced by elevated catastrophic losses that have been detrimental to operating returns, although the losses have been characterized as "earnings events," rather than capital-deteriorating events. Although underwriting returns for many companies have been close to break even in recent years, capital levels grew through investment gains and inexpensive debt financing. However, the start of 2022 has seen a reversal of most of these conditions.

As per AM Best's market segment report for the MENA Region, opportunities arise for reinsurers amidst divergent economic conditions, whereby the principal takeaways include:

- Hardening reinsurance market conditions in the region, as well as changes in reinsurers' appetites as to where they deploy their capital, have sustained the positive price momentum over recent renewal seasons.
- Reinsurance capacity in the region continues to be highly changeable and dynamic, sourced through global reinsurance players, regionally domiciled reinsurers, and reinsurance groups from Africa and Asia.
- Divergent economic conditions are expected to continue across the region for oil-exporting and oil-importing countries.
- Operational challenges and deteriorating country risk landscapes in several countries have weighed negatively on AM Best's view of the financial strength of the reinsurers domiciled and operating there.

In general, the region's reinsurance markets remain open and liberal, with few regulatory restrictions concerning the provision of reinsurance capacity. Accordingly, the region's capacity comes from many sources, including global reinsurance players, regionally domiciled reinsurers, and reinsurance groups from Africa and Asia. Furthermore, primary insurance companies in the region are once again increasing their appetite to participate in the reinsurance segment. For international participants, the region has long been seen as an opportunity to diversify their exposures into historically low natural catastrophe risk environments. For others, and reinsurers domiciled in the region, it has provided growth opportunities, often through taking following participations on programs led by international markets.

Regulatory Changes in Key Markets

2022 would be the first financial year when Omani insurance market will compute solvency only on Risk Based Capital (RBC). The new RBC model will change underwriting and investment practices in the long term as companies readjust their business around RBC. Another paradigm shift that is happening in the insurance world is the introduction of IFRS 17. Insurance/reinsurance companies are required to report their 2023 financial results under the new reporting standard. IFRS 17 will affect not only the way profitability of the insurance results are determined but also the way the financial results are presented.

Financial Highlights

Please find below key financial highlights for the current year and past two years:

	2022	2021	2020
		Amount in OMR	
Gross Written Premium (GWP)	36,590,738	27,605,434	24,773,893
Net Written Premium	29,006,303	20,494,721	13,985,285
Net Underwriting Result (NUR)	3,360,325	2,058,254	1,955,540
Investment and other income (net)	2,330,871	2,106,536	1,882,293
Net profit after tax for the year	**1,627,024**	**1,355,455**	**1,450,229**
Loss ratio	58.4%	63.1%	62.1%
Commission ratio	28.3%	25.4%	21.3%
Total Assets	109,580,970	104,971,666	94,961,846
Net Equity	**29,089,086**	**29,260,686**	**25,604,154**

During 2022 the Gross Written Premium (GWP) increased by 32.5% to reach OMR 36.6 million compared to OMR 27.6 million of last year. Net underwriting results before management expenses increased by 63.3% to reach OMR 3.4 million compared to last year's OMR 2.1 million. The prudent investment management resulted in an increase of 10.6% in investment income which reached OMR 2.3 million in 2022 compared to OMR 2.1 million in 2021. The net profit after tax for 2022 is OMR 1.6 million, compared to last year's OMR 1.3 million.

The key metrics that drive the overall financial performance are explained below:

Gross Written Premium (GWP)

The Company has a achieved a CAGR of 21.5% during the past 3 years. The main market for the Company is MENA including a special focus on our home market i.e. Sultanate of Oman. The major class of business is Property followed by Energy and Engineering. The split between Treaty and Facultative business is provided below:

	2022	2021	2020
GWP		**Amount in OMR**	
Treaty	16,842,397	14,080,445	9,270,174
Facultative	19,748,341	13,524,989	15,503,719
Total	**36,590,738**	**27,605,434**	**24,773,893**

Net Underwriting Result (NUR)

The NUR of the Company has improved significantly compared to 2021. Facultative book has continued to show exceptional profitability along with that Treaty book is also back in positive territory. The split of the NUR between Treaty and Facultative is provided below:

	2022	2021	2020
NUR		**Amount in OMR**	
Treaty	921,210	(542,269)	558,433
Facultative	2,439,115	2,600,523	1,397,107
Total	**3,360,325**	**2,058,254**	**1,955,540**

Investment and Other Income

The Company follows a prudent investment allocation with a considerable portion of the investments in fixed income and bank deposits. This has provided the Company with a stable and growing investment income over the years. Please find below split of our investment income:

	2022	2021	2020
Investment and Other Income		**Amount in OMR**	
Interest income	2,181,937	1,848,628	1,579,722
Dividend income	115,490	111,237	55,633
Realised gains on sale of investments at fair value through other comprehensive income	9,351	184,422	228,160
Unrealised fair value (losses)/gains on investments at fair value through profit or loss	9,609	(133)	25,100
Gains on sale of property and equipment	708	-	49
Custody expenses	(14,484)	(37,618)	(6,371)
Miscellaneous Income	28,260	-	-
Total	**2,330,871**	**2,106,536**	**1,882,293**

Information Technology (IT)

Over the years, the Company has strengthened its IT systems which included substantial investments on both the hardware infrastructure as well as the software systems. The company is currently working on multiple projects to improve the data processing and data reporting within the company. The projects are expected to reduce the processing time and will enhance management reporting.

Internal Control

The Company operates under the "three lines of defense" model segregating the day-to-day business functions from Risk and Compliance function and assurance functions. The importance of internal controls framework and its rigorous implementation comes from the Board of Directors and is instilled in the Company's culture from the top to the bottom. The Internal Audit function, which reports to Board's Audit Committee (AC), executes risk-based audit plan, which are approved by the AC. In addition to that, the AC also has constant engagement with the external auditors of the Company with respect to statutory audits.

Enterprise Risk Management (ERM)

The Company has a comprehensive ERM framework, which is embedded in the overall processes of the Company. Given the size of the Company, the ERM framework is as per the international standards. The Company maintains extensive risk appetite statements, risk tolerance limits and risk registers. The Board's Risk Committee (RC) also reviews the quarterly risk control reports to review the overall status of the Company. The Company also prepares Own Risk Solvency Assessment (ORSA) as part of its business planning cycle and also monitors its capital position by two different types of capital models from two different credit rating agencies.

Acknowledgements

On behalf of the Company, we are honored to express our sincere gratitude to His Majesty Sultan Haitham bin Tarik Al Said for his visionary leadership during these challenging times and we pray to the Almighty God to protect him and grant him every strength to continue to lead the Sultanate on the path of sustainable development amidst the renewed renaissance.

We would like to thank the Capital Market Authority (CMA) and the Qatar Financial Regulatory Authority (QFCRA) for their valued support and guidance always. I also take this opportunity to thank our shareholders, Board of Directors, all staff members and most importantly our esteemed clients for their continuous support as well as confidence reposed in the Company.

Romel Tabaja
Chief Executive Officer

Oman Reinsurance Company SAOG
Financial statements for the year ended 31 December 2022

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Oman Reinsurance Company SAOG
Administration and contact details as at 31 December 2022

Commercial registration number	1052000
Board of Directors	Dr. Juma Bin Ali Al Juma - Chairman Sheikh Nasser Bin Ali Bin Saud Al Thani - Deputy Chairman Kamal Tabaja - Board Member Mohammed El Ailah - Board Member Sayyid Mohamed Bin Said Al Busaid - Board Member Gamal Mohammed - Board Member Pramod Kumar Hiran - Board Member
Audit Committee	Gamal Mohammed - Chairman Kamal Tabaja - Member Sayyid Mohamed Bin Said Al Busaid - Member
Nomination and Remuneration Committee	Sheikh Nasser Bin Ali Bin Saud Al Thani - Chairman Dr. Juma Bin Ali Al Juma - Member Sayyid Mohamed Bin Said Al Busaid - Member
Senior Management	Romel Tabaja - Chief Executive Officer Khaled Nouiri - Chief Operating Officer Muzamil Hussain - Chief Financial Officer
Internal Auditor	Tariq Al Busaid
Registered office address	PO Box 1968, PC 114 Muscat Sultanate of Oman
Bankers	Bank Muscat SAOG Oman Arab Bank SAOG Bank Dhofar SAOG National Bank of Oman SAOG Ahli Bank SAOG Bank Nizwa SAOG Sohar International Bank SAOG Sohar Islamic Bank Commercial Bank Bank Julius Baer & Co. Ltd.
Auditors	BDO LLC Suite No. 601 & 602 Pent House, Beach One Building Way No. 2601, Shatti Al Qurum PO Box 1176, Ruwi, PC 112 Muscat Sultanate of Oman

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Sultanate of Oman

Independent Auditor's Report to the Shareholders of Oman Reinsurance Company SAOG

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oman Reinsurance Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 in the financial statements relating to adoption and implementation of IFRS 17, "Insurance contracts". Subsequent to the year-end, IFRS 17 became effective for adoption along with IFRS 9. The new standard will result in an important change to the accounting policies for insurance contracts of the Company and will have significant impact on profit and total shareholders' equity together with presentation and disclosure. Currently, the Company is in the advanced stages of implementation of IFRS 17. As at the date of this report, a reasonable estimate of the financial impact is not ascertainable. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance funds consisting of claims incurred but not reported and reinsurers' share of insurance funds

The estimation of insurance funds including claims Incurred But Not Reported (IBNR) and reinsurers' share of insurance funds involves a significant degree of judgement. These liabilities are based on a best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not. A range of methods may be used to determine these liabilities. Underlying these methods are a number of assumptions relating to the expected settlement amount and settlement patterns of claims.

The basis of the Company's estimation of insurance funds is presented in the accounting policies section in Note 4(i) to the financial statements. Further, attention is drawn to the critical accounting estimates and judgements, disclosures of outstanding claims and the insurance risk management set out in Notes 5(vi), 5(x) and 5(xii) to the financial statements, respectively.

BDO

Independent Auditor's Report to the Shareholders of
Oman Reinsurance Company SAOG (continued)

Key Audit Matters (continued)

Insurance funds consisting of claims incurred but not reported and reinsurers' share of insurance funds (continued)

Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of insurance liabilities. The key assumptions that drive the calculations include loss ratios and estimates of the frequency and severity of the claims.

Our audit procedures in this regard included, among others:

- examining the process used by management to estimate the insurance funds including IBNR and reinsurance assets;
- understanding and testing the operating effectiveness of controls in the claims handling and reservation process,including control over completeness and accuracy of the claims estimates recorded;
- performing substantive tests on the amounts recorded for a sample of claims notified by verifying appropriate documentation, such as reports from loss adjusters and, where relevant, the inspection of the Company's correspondence with lawyers for claims under investigation;
- reviewing management's reconciliation of the underlying Company data recorded in the insurance policy administration systems with the data used in the actuarial reserving calculations, key assumptions used and the results of the insurance liability adequacy test;
- assessing the independence, experience and competency of the Company's actuary to perform the year-end valuation and obtaining an understanding of the work performed by the Company's appointed actuary;
- involving our actuarial specialist team members to apply appropriate industry knowledge and experience and comparing the methodology, models and assumptions used against recognised and acceptable actuarial practices;
- reviewing the ratios of reinsurers' share of insurance funds to related insurance funds to identify any variance from reinsurance treaty arrangements; and
- reviewing the adequacy of the disclosures.

Revenue recognition

Gross premiums written comprise the total premiums receivable for the entire period of cover provided by contracts entered into during the accounting period, and recognised on the date on which the policy commences. At the end of each period, a proportion of net retained premiums is provided for to cover portions of risk which have not expired as at the reporting date.

For general insurance contracts, unexpired risk reserve is calculated based on 1/365 method for all classes of business.

We determined this to be a key audit matter because it involves complex computations and due to the materiality of the amounts involved. The accounting policy and disclosures on revenue are set out in Note 4(i)(i) to the financial statements.

Our audit procedures in this regard included:

- assessing whether the Company's revenue recognition policies complied with IFRSs and the Insurance Companies Law of the Sultanate of Oman and tested the implementation of those policies, specifically considering whether the premiums on insurance policies are accounted for on the date of inception of the policies by testing a sample of revenue items to insurance contracts with a specific focus on transactions which occurred near the reporting date;
- performing procedures, including an assessment of the general IT controls over premium recording and collection, and testing their operating effectiveness;
- comparing the unearned premiums reserve account balance as reported in the financial statements to the reserve balance computed by the Company's actuary;
- involving our actuarial specialist to evaluate the methodology, models and assumptions used against recognised and acceptable actuarial practices;

BDO

Independent Auditor's Report to the Shareholders of
Oman Reinsurance Company SAOG (continued)

Key Audit Matters (continued)

Revenue recognition (continued)

- recalculating, on a sample basis, the unearned premium reserve based on the remaining period of insurance contracts existing as of the reporting date; and
- testing a sample of journal entries posted to the revenue accounts to identify any unusual or irregular items, and testing the reconciliations between the policy master file and financial ledgers.

Other Information included in the Company's 2022 Annual Report

Management of the Company is responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report and Management Discussion and Analysis Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman and the Rules and Guidelines on Disclosure issued by the Capital Market Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

BDO

Independent Auditor's Report to the Shareholders of
Oman Reinsurance Company SAOG (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged With Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged With Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged With Governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless laws or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that, the financial statements of the Company as at, and for the year ended, 31 December 2022, in all material respects, comply with the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman and the Rules and Guidelines on Disclosure issued by the Capital Market Authority.

BDO

Muscat
Date: 15 February 2023

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Sultanate of Oman
Public Accountants & Management Consultants

B. Kapur

Bipin Kapur
Partner
Membership No. : 043615
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Oman Reinsurance Company SAOG
Statement of financial position as at 31 December 2022
(Expressed in Omani Rial)

	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property and equipment	6	92,568	137,643
Intangible assets	7	120,887	163,913
Investment property	8	1,900,000	1,900,000
Investment property under development	9	184,592	184,592
Investments at fair value through other comprehensive income	10	29,191,780	19,788,547
Non-current portion of bank deposits	22	6,590,268	12,288,000
Deferred tax assets, net	24	339,946	-
Total non-current assets		38,420,041	34,462,695
Current assets			
Investments at fair value through profit or loss	11	637,539	576,615
Insurance and other receivables	12	11,025,292	8,360,858
Accrued income	13	13,964,880	11,870,135
Deferred policy acquisition costs	20	3,936,555	3,081,338
Reinsurers' share of insurance funds	18	23,015,386	29,898,209
Current portion of bank deposits	22	15,826,000	11,165,268
Cash and cash equivalents	23	2,755,277	5,556,548
Total current assets		71,160,929	70,508,971
Total assets		109,580,970	104,971,666
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	32,615,926	32,615,926
Legal reserve	15	641,431	478,729
Investment fair value reserve	10	(1,738,919)	(102,368)
Contingency reserve	16	5,681,236	4,216,914
Accumulated losses		(8,110,588)	(7,948,515)
Total capital and reserves		29,089,086	29,260,686
Non-current liabilities			
Employees' benefit liabilities	17	324,998	243,373
Deferred tax liability, net	24	-	68,358
Total non-current liabilities		324,998	311,731
Current liabilities			
Technical provisions	18	67,541,322	62,460,289
Reinsurers' premium and other payables	19	12,356,990	12,581,149
Deferred commission income	20	268,574	357,811
Total current liabilities		80,166,886	75,399,249
Total liabilities		80,491,884	75,710,980
Total equity and liabilities		109,580,970	104,971,666
Net assets per share	30	0.088	0.088

The financial statements on pages 6 to 43, were approved and authorised for issue by the Board of Directors on 13 February 2023 and were signed on their behalf by:

Director   Director   Chief Executive Officer   Chief Financial Officer

Oman Reinsurance Company SAOG

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

(Expressed in Omani Rial)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Income			
Gross premiums written	26	36,590,738	27,605,434
Net underwriting results	26	3,360,325	2,058,254
Investment and other income, net	25	2,330,871	2,106,536
		5,691,196	4,164,790
Expenses			
General and administrative expenses	27	(3,148,629)	(2,596,381)
Foreign exchange losses, net		(661,596)	(119,351)
		(3,810,225)	(2,715,732)
Profit before tax for the year		1,880,971	1,449,058
Income tax expense	24	(253,947)	(93,603)
Net profit after tax for the year		1,627,024	1,355,455
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Investments at fair value through other comprehensive income			
Valuation (losses)/gains on equity investments at fair value through other comprehensive income	10	(638,818)	262,032
Deferred tax credit/(charge) on valuation of equity investments at fair value through other comprehensive income	24	71,023	(184,120)
Items that will or may be reclassified to profit or loss:			
Investments at fair value through other comprehensive income			
Valuation losses on debt instruments at fair value through other comprehensive income	10	(1,448,034)	(99,700)
Deferred tax credit/(charge) on valuation of debt instruments at fair value through other comprehensive income	24	217,205	(43,410)
Other comprehensive loss for the year		(1,798,624)	(65,198)
Total comprehensive (loss)/income for the year		(171,600)	1,290,257
Earnings per share - basic and diluted	29	0.005	0.004

Oman Reinsurance Company SAOG
Statement of changes in shareholders' equity for the year ended 31 December 2022
(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 1 January 2021		30,000,000	343,183	47,849	2,997,005	(7,783,883)	25,604,154
Net profit after tax for the year		-	-	-	-	1,355,455	1,355,455
Additional shares issued through Initial Public Offer ("IPO")	14	2,615,926	-	-	-	-	2,615,926
Transfer of IPO related costs to equity	14	-	-	-	-	(249,651)	(249,651)
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	(65,198)	-	-	(65,198)
Realised gains on sale of equity investments at fair value through other comprehensive income	10	-	-	(85,019)	-	85,019	-
Transferred to legal reserve	15	-	135,546	-	-	(135,546)	-
Transferred to contingency reserve	16	-		-	1,219,909	(1,219,909)	-
As at 31 December 2021		32,615,926	478,729	(102,368)	4,216,914	(7,948,515)	29,260,686
Net profit after tax for the year		-	-	-	-	1,627,024	1,627,024
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	(1,798,624)	-	-	(1,798,624)
Realised losses on sale of equity investments at fair value through other comprehensive income	10	-	-	162,073	-	(162,073)	-
Transferred to legal reserve	15	-	162,702	-	-	(162,702)	-
Transferred to contingency reserve	16	-	-	-	1,464,322	(1,464,322)	-
As at 31 December 2022		32,615,926	641,431	(1,738,919)	5,681,236	(8,110,588)	29,089,086

Oman Reinsurance Company SAOG
Statement of cash flows for the year ended 31 December 2022
(Expressed in Omani Rial)

Cash flows from operating activities	Notes	2022	2021
Net profit before tax for the year		1,880,971	1,449,058
Adjustments for:			
Depreciation on property and equipment	6	58,998	70,102
Amortisation of intangible assets	7	63,535	63,486
Interest income on bank deposits	25	(2,181,937)	(1,848,628)
Dividend income	25	(115,490)	(111,237)
Gains on sale of debt investments at fair value through other comprehensive income	25	(9,351)	(184,422)
Profit on sale of property and equipment	25	(708)	-
Provision for employees' benefit liabilities	17	89,709	71,370
Unrealised fair value losses/(gains) on investments at fair value through profit or loss	11	(9,609)	133
		(223,882)	(490,138)
Insurance and other receivables		(2,664,434)	(1,476,027)
Accrued income		(2,102,360)	(1,272,175)
Deferred policy acquisition costs		(855,217)	(378,956)
Deferred commission income		(89,237)	(595,905)
Reinsurers' share of insurance funds		6,882,823	2,530,161
Technical provisions		5,081,033	6,561,828
Reinsurers' premium and other payables		(598,182)	11,820
Cash generated from operations		5,430,544	4,890,608
Employees' benefit liabilities paid	17	(8,084)	(16,958)
Net cash generated from operating activities		5,422,460	4,873,650
Investing activities			
Purchase of investments at fair value through other comprehensive income	10	(14,868,874)	(6,535,303)
Purchase of investments at fair value through profit or loss	11	(627,632)	(1,153,500)
Interest income received on bank deposits		2,153,041	1,599,385
Dividend income received on equity instruments	25	115,490	111,237
Purchase of property and equipment	6	(14,077)	(98,209)
Proceeds from sale of property and equipment		862	-
Proceeds from sale of investments at fair value through other comprehensive income		3,424,651	4,512,698
Proceeds from sale of investments at fair value through profit or loss	11	576,317	1,447,752
Cost of acquisition of intangible assets	7	(20,509)	(192,213)
Net movement in bank deposits		1,037,000	(5,500,000)
Net cash used in investing activities		(8,223,731)	(5,808,153)
Financing activities			
Increase in share capital through IPO	14	-	2,615,926
Share issue expenses	14	-	(249,651)
Net cash from financing activities		-	2,366,275
Net change in cash and cash equivalents		(2,801,271)	1,431,772
Cash and cash equivalents, beginning of the year		5,556,548	4,124,776
Cash and cash equivalents, end of the year	23	2,755,277	5,556,548

Disclosure as required by IAS 7 "Statement of Cash Flows" has been shown in Note 35 to the financial statements.

Oman Reinsurance Company SAOG
Notes to the financial statements for the year ended 31 December 2022
(Expressed in Omani Rial)

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 changed its legal structure from a closed Omani joint stock company (SAOC) to an SAOG during the financial year ended 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. During the year ended 31 December 2021, the Company registered and has started operations through a Branch in Qatar ("the Branch"). The Branch is registered in the Qatar Investment and Financial Center (QIFC). These financial statements include the combined operations and assets and liabilities of the Company and the Branch.

These financial statements were approved for issue by the Board of Directors on 13 February 2023.

2 Basis of preparation

(a) Statement of compliance

The financial statements has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as promulgated by the International Accounting Standards Board (“IASB”), interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman and the Rules and Guidelines on Disclosure issued by the CMA and the Insurance Companies Law.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

(c) Functional currencies

The financial statements are presented in Omani Rials (RO) which is the functional and reporting currency for the Company.

3 Adoption of new and revised IFRS

Standards, amendments and interpretations effective and adopted in the year 2022

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first-time and have been adopted in the preparation of the financial statements for the year ended 31 December 2022:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to IFRS 1,IFRS 9 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3	References to Conceptual Framework	1 January 2022

Oman Reinsurance Company SAOG
Notes to the financial statements for the year ended 31 December 2022
(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2022 (continued)

Amendments to IAS 37: Onerous Contracts: Cost of Fulfilling a Contract

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

This amendment had no impact on the financial statements of the Company as there were no onerous contracts.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds Before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment, any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

This amendment had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020

- Amendments to IFRS 1: Subsidiary as a First-time Adopter
- IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41 Agriculture - Taxation in Fair Value Measurements

These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 3: References to Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

This amendment had no impact on the financial statements of the Company.

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

The following new/amended accounting standards and interpretations have been issued, but are not mandatory and have not been adopted in preparing the financial statements for the year ended 31 December 2022:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred tax relating to Assets and Liabilities arising from a Single Transactions	1 January 2023
Amendments to IFRS 16	Leases: Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
IFRS 17	Insurance Contracts	1 January 2023

Except for IFRS 17, the Company does not expect these amendments issued but not yet effective, to have a material impact on the financial statements of the Company.

Oman Reinsurance Company SAOG
Notes to the financial statements for the year ended 31 December 2022
(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued but not yet effective in the year 2022 (continued)

IFRS 17 "Insurance Contracts"

IFRS 17 supersedes IFRS 4 "Insurance Contracts" and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Company also needs to implement IFRS 9 "Financial Instruments" along with IFRS 17.

In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments deferred the date of initial application of IFRS 17 to annual reporting periods beginning on or after 1 January 2023, along with the application of IFRS 9. To ensure the systematic implementation, the Company is following the three-phased approach which is "Phase 1 - Evaluation", "Phase 2- Design" and "Phase 3 - Implementation and Commissioning" and is currently in Phase 3.

The implementation of IFRS 17 and IFRS 9 requires the Company to perform complex and technical analysis/ assessments for selection of measurement models (General Measurement Model, Premium Allocation Approach, Variable Fee Approach), classification of insurance contracts into groups, discount rates used, risk adjustment factors, reserving levels, distinction of expenses, basis of segregation of the cohorts, assessment of coverage periods, assessment of expected credit losses on insurance receivables, transition adjustments and assessment of liabilities at each reported period-end, including the comparatives for the year 2022.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. After careful consideration and necessary consultations, the Company has decided to adopt the modified retrospective approach and the changes in the accounting policies will be based on this approach.

The management is currently working together with the external appointed actuaries and third-party experts in completing Phase 3. The management is confident that Phase 3, including the change in accounting systems, accounting policies and the preparation of financial statements in accordance with IFRS 17 and IFRS 9 would be completed before the reporting timeline of Q1 2023. Accordingly, the comparative information for the year 2022 will be restated due to the adoption of such changes. However, a reasonable estimate of the financial impact on the net profits for the year ended 31 December 2022 and the equity as at 1 January 2022 and 31 December 2022 cannot be ascertained as on the date of signing of these financial statements which is expected to be a material amount.

Early adoption of amendments or standards in the year 2022

The Company did not early-adopt any new or amended standards in the year ended 31 December 2022.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

(a) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

Depreciation has been calculated from the date of acquisition for the following number of years:

Description	Years
Motor vehicles	4
Furniture and fixtures	4
Office equipment	4

4 Summary of significant accounting policies (continued)

(a) Property and equipment (continued)

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written-down immediately to its recoverable amount.

Gains or losses on disposals of items of property and equipment are determined as the difference between the sales proceeds and their carrying amounts and are taken into account in determining the operating results for the year.

(b) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Intangible assets of the Company include expenses relating to purchase of computer software licenses which are capitalised. Purchase costs for software licenses that are directly attributable to the systems used and controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

Computer software is amortised over a period of 4 years.

(c) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

b) those to be measured at amortised cost.

Oman Reinsurance Company SAOG
Notes to the financial statements for the year ended 31 December 2022
(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in the Company's statement of profit and loss or other comprehensive income. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at fair value through other comprehensive income based on the below:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR).

Equity instruments

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income. The Company has elected to present fair value gains or losses on equity investments in the other comprehensive income.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and

b) those to be measured at amortised cost.

(ii) Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The Company classifies all its financial liabilities subsequently at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company's financial liabilities, such as reinsurance premium and other payables, are measured at amortised cost.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Oman Reinsurance Company SAOG
Notes to the financial statements for the year ended 31 December 2022
(Expressed in Omani Rial)

4 Summary of significant accounting policies (continued)

(d) Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value-in-use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(e) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed off, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.

(g) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Employees' benefit liabilities

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

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4 Summary of significant accounting policies (continued)

(i) Reinsurance contracts

The core business of the Company is undertaking reinsurance business which comprises proportional and non-proportional reinsurance. Reinsurance is a business in which the Company gives protection to direct insurance companies by means of reinsuring risk insured by them.

Facultative reinsurance covers individual risks and is done on individual case basis, while treaty business is concerned with the whole portfolio of specific lines of business of the direct insurance company. The Company reinsures fire, engineering, accident, medical, motor, marine and aviation business under facultative and treaty contracts.

(i) Premiums earned

Gross premium written is recognised as revenue when written business is confirmed, incepting in the financial year in which it arises, as well as adjustments arising in the current financial year for premiums receivable relating to business written in prior years, including an estimation of underwritten premiums that are not yet received from the ceding companies and in proportion with the period of coverage.

The Company enters into contracts with retrocessionaires for minimising its financial exposure from ceded insurance risks. The retro-ceded premiums and recoveries on claims incurred are deducted from the gross premiums written and incurred claims respectively. This arrangement results in reinsurance assets and liabilities which include amounts recoverable from retrocessionaires for paid and outstanding losses, ceded unearned premiums and reinsurance balances payable.

Amounts due to retrocessionaires are estimated in a manner consistent with the related reinsurance contracts. The amounts receivable from retrocessionaires are calculated with reference to the incurred claims associated with the retroceded business. Retroceded premiums are recognised in the revenue account as the reinsurance business is confirmed.

(ii) Commission earned

This represents commission earned on ceded reinsurance. Commission earned is recognised when reinsurance business is confirmed.

(iii) Policy acquisition costs

All commissions and other acquisition costs related to securing reinsurance contracts and renewing existing reinsurance contracts are recognised as expenses when incurred. Policy acquisition costs, which correspond to the proportion of gross premium written that is unearned at the reporting date is deferred as deferred policy acquisition costs.

(iv) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of liability. Any deficiency is immediately charged to the statement of profit or loss and other comprehensive income.

(v) Unearned premium

Unearned premiums are those proportions of the premiums accounted for in the financial year, but which relate to periods of risks that extend beyond the end of the financial year. The provision for unearned premium is calculated in proportion to the period of the policy.

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4 Summary of significant accounting policies (continued)

(i) Reinsurance contracts (continued)

(vi) Claims

Claims, comprising amounts payable to insurance and reinsurance companies, are charged to statement of profit or loss and other comprehensive income as incurred. Claims comprise estimated amounts payable in respect of claims reported to the Company and those not reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by underwriting years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decision and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

(vii) Retrocession contracts held

The benefits to which the Company is entitled under its retrocession contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers (classified within insurance and other receivables), as well as the reinsurance portion of gross claims outstanding including IBNR and unearned premium reserve that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each retrocession contract. Reinsurance liabilities are primarily premiums payable for retrocession contracts and are recognised as an expense when due, net of commission income which represents income earned from reinsurance companies.

The Company assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss and other comprehensive income.

(j) Deferred policy acquisition costs / deferred commission income

The costs attributable to the acquisition of insurance policies are capitalised as an intangible asset under deferred policy acquisition costs. These are subsequently amortised over the period of the policies as premium is earned.

Commission income received is recorded as a liability under deferred commission income and is recognised as income over the period of the policies in line with the retrocessionairs premium ceded.

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4 Summary of significant accounting policies (continued)

(k) Leases - the Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(l) Dividend income

Dividend income is recognised when the right to receive dividend is established, unless collectability is in doubt.

(m) Insurance and reinsurance receivables and accrued income

Insurance and reinsurance receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Company's receivables comprise insurance and other receivables, accrued income, reinsurers' share of insurance funds and cash and cash equivalents in the statement of financial position.

(n) Directors' remuneration

The Company follows the Commercial Companies Law and Regulations of the Sultanate of Oman, and other latest relevant directives issued by the Capital Market Authority (CMA), in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

(o) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(p) Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

(q) Income tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Current tax is recognised in the statement of profit or loss and other comprehensive income as the expected tax payable on the net taxable income for the year, using tax-rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

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4 Summary of significant accounting policies (continued)

(q) Income tax (continued)

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(r) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(s) Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

(t) Share capital

Issued (share) capital is the amount of nominal value of shares held by the shareholders. It is the face value of the shares that have been issued to the shareholders.

When issuing its own equity shares, the Company incurs various costs which may include, but not limited to, registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are reviewed and accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense in the statement of profit or loss.

(u) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(v) Net assets per share

The Company presents net assets per share for its ordinary shares. Net assets per share is calculated by dividing the net assets as at the year-end by the number of shares outstanding at the year-end.

5 Critical accounting estimates and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

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5 Critical accounting estimates and key source of estimation uncertainty (continued)

(i) Economic useful lives of property and equipment

The Company's property and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

(ii) Economic useful life of intangible assets

Intangible assets are amortised on a straight-line basis over their economic useful lives. The economic useful lives of intangible assets are reviewed periodically by management. The review is based on the current condition of the intangible assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Going concern

The management reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

(iv) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(v) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

(vi) Liability adequacy test

At each statement of financial position date, the Company assesses whether its recognised reinsurance liabilities are adequate using current estimates of future cash flows under its reinsurance contracts. If that assessment shows that the carrying amount of its reinsurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of profit or loss and other comprehensive income and an unexpired risk provision is created.

(vii) Fair value measurements

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

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Notes to the financial statements for the year ended 31 December 2022
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5 Critical accounting estimates and key source of estimation uncertainty (continued)

(viii) Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;

b) timing and quantum of future capital expenditure;

c) long-term growth rates; and

d) selection of discount rates to reflect the risks involved.

(ix) Provision for impaired insurance receivables

The Company reviews its insurance receivables on an annual basis to assess whether a provision for impaired receivables should be recorded in the statement of profit or loss and other comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and the timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

(x) Unearned premium reserve

The provision for unearned premiums represents that portion of premiums received or receivable, after deduction of the reinsurers share, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the nature and type of reinsurance contract written by the Company.

Reinsurance contract liabilities are derecognised when the contract is expired, discharged or cancelled by any party to the insurance contract.

(xi) Accrued income

The Company makes estimates of accrued income. Accrued income includes estimates of pipeline premiums, net of commission which are premiums written but not booked as at the reporting date. The Company assesses at the end of each reporting period the pipeline premium, net of commission, by analysing the signed premium and the booked premium.

(xii) The ultimate liability arising from claims made under reinsurance contracts

The estimation of the ultimate liability arising from claims made under reinsurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR claims at the reporting date. The management uses the initial value of the claim provided by the cedent companies for the expected ultimate cost of claims reported at the reporting date. However, for the IBNR, the Company is relying on an independent actuary to perform reserve review for the IBNR based on historical data of claims and premium development. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General insurance claims provisions are not discounted for the time-value of money.

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6 Property and equipment

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

2022	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
At 1 January 2022	68,624	228,502	215,922	513,048
Additions during the year	5,498	353	8,226	14,077
Disposals during the year	-	(1,142)	(9,948)	(11,090)
At 31 December 2022	74,122	227,713	214,200	516,035
Accumulated depreciation				
At 1 January 2022	29,569	182,945	162,891	375,405
Charge for the year	18,301	19,883	20,814	58,998
Relating to disposals	-	(1,142)	(9,794)	(10,936)
At 31 December 2022	47,870	201,686	173,911	423,467
Net book amount				
At 31 December 2022	26,252	26,027	40,289	92,568

2021	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
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	68,624	228,502	215,922	513,048
Accumulated depreciation				
At 1 January 2021	14,373	152,806	138,124	305,303
Charge for the year	15,196	30,139	24,767	70,102
At 31 December 2021	29,569	182,945	162,891	375,405
Net book amount				
At 31 December 2021	39,055	45,557	53,031	137,643

(b) The Company operates from premises leased for its office in Oman and the branch in Qatar at an annual rental of RO 79,952 per annum (2021: RO 76,658 per annum).

(c) The lease agreements are for a period of one year and, therefore, the Company has applied the exemption available in IFRS 16 relating to short-term leases.

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7 Intangible assets

The movement in intangible assets is as follows:-

	31 December 2022	31 December 2021
Cost		
As at 1 January	390,456	198,243
Acquisition during the year	20,509	192,213
As at 31 December	410,965	390,456
Accumulated amortisation		
As at 1 January	226,543	163,057
Charge for the year	63,535	63,486
As at 31 December	290,078	226,543
Net book amount		
As at 31 December	120,887	163,913

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

8 Investment property

	31 December 2022	31 December 2021
At 1 January and at 31 December	1,900,000	1,900,000

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 2022 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 (See Note 9).

9 Investment property under development

	31 December 2022	31 December 2021
Opening balance and closing balance	184,592	184,592

Investment property under development represents amounts spent on designing and planning of the building and other directly attributable costs towards the development of the investment property located in Ghala, Muscat, Sultanate of Oman (See note 8).

10 Investments at fair value through other comprehensive income

	Fair value		Average amortised cost	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Equity shares	3,491,183	3,975,249	5,070,236	4,992,536
Bonds	25,700,597	15,813,298	25,921,162	14,585,830
	29,191,780	19,788,547	30,991,398	19,578,366

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10 Investments at fair value through other comprehensive income (continued)

(a) At the reporting date, the geographic dispersion of the investments at fair value through other comprehensive income are as follows:

	Fair value		Average amortised cost	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Local				
Equity	504,407	592,688	1,899,372	2,025,181
Bonds	1,807,913	2,778,220	1,814,497	2,793,701
	2,312,320	3,370,908	3,713,869	4,818,882
Overseas				
Equity	2,986,775	3,382,560	3,170,864	2,967,355
Bonds	23,892,685	13,035,079	24,106,665	11,792,129
	26,879,460	16,417,639	27,277,529	14,759,484

(b) The movement in investments at fair value through other comprehensive income can be summarised as below:

	Year ended 31 December 2022	Year ended 31 December 2021
At 1 January	19,788,547	17,377,803
Acquisitions during the year	14,868,874	6,535,303
Disposals during the year	(3,577,373)	(4,243,257)
Net realised change in fair value	162,073	(85,019)
Net unrealised change in fair value	(2,086,852)	162,332
Amortisation charge for the year	36,511	41,385
At 31 December	29,191,780	19,788,547

(c) Investment fair value reserve
The movement in investment fair value reserve can be summarised as below:

	Year ended 31 December 2022	Year ended 31 December 2021
At 1 January	(102,368)	47,849
Net change in fair value during the year	(2,086,852)	162,332
Deferred tax charge (Note 24 (iii))	288,228	(227,530)
Net realised loss/(gain) transferred to retained earnings	162,073	(85,019)
At 31 December	(1,738,919)	(102,368)

(d) The bonds are held under lien at cost by the following:

	31 December 2022	31 December 2021
Capital Market Authority	4,215,925	4,844,149

11 Investments at fair value through profit or loss

The debt instruments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income is as follows:

	Fair value		Average cost	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Multi-reverse callable notes	637,539	576,615	627,930	576,750
	637,539	576,615	627,930	576,750

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11 Investments at fair value through profit or loss (continued)

(a) Movement in investments can be summarised as below:

	Year ended 31 December 2022	Year ended 31 December 2021
At 1 January	576,615	871,000
Acquisitions during the year	627,632	1,153,500
Disposals during the year	(576,317)	(1,447,752)
Net unrealised change in fair value recognised in profit or loss (Note 25)	9,609	(133)
At 31 December	637,539	576,615

Multi-reverse callable notes issued and distributed by an international bank, which are denominated in United States Dollars (USD) and Euros, have a nominal redemption value of the investment (equivalent to RO 637,539, 2021: RO 576,615), subject to certain conditions being met. The notes carry fixed income coupon rates ranging between 10.08% and 15.88% per annum (2021: 7.55% and 15.88% per annum). These notes have a maturity date of 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.

12 Insurance and other receivables

	31 December 2022	31 December 2021
Due from insurance and reinsurance companies (gross)	8,832,485	6,876,335
Less: provision for impaired receivables	(1,053,719)	(1,053,719)
Due from insurance and reinsurance companies (net)	7,778,766	5,822,616
Advances (gross)	425,573	314,556
Less: provision for impaired advances	(18,380)	(18,380)
Advances (net)	407,193	296,176
Reserves withheld by cedents	2,664,845	2,129,525
Prepaid expenses	174,488	112,541
	11,025,292	8,360,858

(a) The reserves withheld by cedents comprise of insurance premium deposits of RO 1,298,240 (2021: RO 1,006,055) and loss deposit of RO 1,366,605 (2021: RO 1,123,470). These deposits are held in the normal course of business by the insurance companies and are unsecured.

(b) The insurance receivables comprise balances against which credit notes/treaty statements have been received.

(c) As at 31 December 2022, there are certain past receivables due from insurance and reinsurance companies which are not considered impaired by the management. The Company does not hold any collateral as security against potential default by insurance and reinsurance counterparties.

(d) The carrying amounts of insurance and reinsurance companies are denominated in Omani Rial, UAE Dirhams, USD, Euros and various other currencies.

(e) Due from insurance and reinsurance companies comprise of number of customers within the Sultanate of Oman and foreign insurers/reinsurers. The Company monitors these receivables on a regular basis. The Company establishes an allowance for impairment that represents its estimate of likely losses in respect of these receivable amounts. With respect to reinsurers, contracts are placed with only internationally reputed well-rated foreign reinsurers.

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12 Insurance and other receivables (continued)

The amounts are considered by the Company to be due on the date of credit note/treaty statement. The aging analysis of amounts due from insurance and reinsurance companies is as follows:

	31 December 2022	31 December 2021
Less than 180 days	5,372,443	3,234,588
Between 181 - 365 days	1,892,013	1,283,331
More than 365 days	1,568,029	2,358,416
Total	8,832,485	6,876,335

The movement in provision for impaired insurance and reinsurance receivables is as follows:	Year ended 31 December 2022	Year ended 31 December 2021
At 1 January and at 31 December	1,053,719	1,053,719

(f) The movement in provision for impaired advances is as follows:	Year ended 31 December 2022	Year ended 31 December 2021
At 1 January and at 31 December	18,380	18,380

13 Accrued income

	31 December 2022	31 December 2021
Accrued insurance premium	12,939,322	10,836,962
Impairment provision	(15,000)	(15,000)
	12,924,322	10,821,962
Interest accrued on bank deposits	1,040,558	1,048,173
	13,964,880	11,870,135

The movement in provision for impaired accrued insurance premium is as follows:	Year ended 31 December 2022	Year ended 31 December 2021
At 1 January and at 31 December	15,000	15,000

14 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 300,000,000 shares of 100 baiza each and 30,775,600 shares of 85 baiza (2021: 300,000,000 shares of 100 baiza each and 30,775,600 shares of 85 baiza).

The shareholders of the Company who own 5% or more of the Company's shares, in their name, and the percentage of shares held by them as per Muscat Clearing and Depository Company are as follows:

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14 Share capital (continued)

Major shareholders	31 December 2022	31 December 2021
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%
Ziliano Investments	9.07%	9.07%
Al Zawawi Trading Company LLC	8.62%	8.62%
Omar Zawawi Establishment LLC	8.36%	14.06%

The Company changed its legal structure from SAOC to SAOG during the year ended 31 December 2021 through an IPO. As a result, the Company increased its number of shares from 30,000,000 to 330,755,600 by issuing additional shares and stock split in the ratio of 10:1.

The additional 30,775,600 shares issue were issued at RO 0.085 per share.

The costs incurred in relation to the issue of shares have been allocated as follows:-

	Share Capital	Retained earnings	Total
At 1 January	30,000,000	(7,783,883)	22,216,117
Proceeds received from IPO	2,615,926	-	2,615,926
Share issue expenses	-	(249,651)	(249,651)
At 31 December	32,615,926	(8,033,534)	24,582,392

15 Legal reserve

In accordance with Article 106 of the Commercial Companies Law 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 year ended 31 December 2022, the Company has transferred an amount of RO 162,702 to the legal reserve (2021: RO 135,546).

16 Contingency reserve

In accordance with the CMA 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 CMA. The Company may discontinue such annual transfers when the contingency reserve equals the Company's issued and fully paid-up share capital.

As the Company's profits are not sufficient enough to transfer 10% of the outstanding claims to the contingency reserve, all the profits earned during the year ended 31 December 2022 net of transfer to legal reserve, amounting to RO 1,464,322 has been transferred to the contingency reserve (2021: RO 1,219,909).

17 Employees' benefit liabilities

	Year ended 31 December 2022	Year ended 31 December 2021
As at 1 January	243,373	188,961
Provision for the year (Note 28)	89,709	71,370
Payments during the year	(8,084)	(16,958)
As at 31 December	324,998	243,373

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18 Reinsurers share of insurance funds and technical provisions

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

31 December 2022	**Gross**	**Reinsurance**	**Net**
Outstanding claims			
Balance at 1 January	49,977,309	27,379,561	22,597,748
Increase in the provision for the year	14,438,951	(382,479)	14,821,430
Claims settled during the year	(12,928,670)	(6,438,708)	(6,489,962)
Balance at 31 December	51,487,590	20,558,374	30,929,216
Unearned premium	**Gross**	**Reinsurance**	**Net**
Balance at 1 January	12,482,980	2,518,648	9,964,332
Increase in the provision for the year	16,053,732	2,457,012	13,596,720
Release of unearned premium during the year	(12,482,980)	(2,518,648)	(9,964,332)
Balance at 31 December	16,053,732	2,457,012	13,596,720
Total technical provisions	67,541,322	23,015,386	44,525,936

31 December 2021	**Gross**	**Reinsurance**	**Net**
Outstanding claims			
Balance at 1 January	44,479,752	28,392,727	16,087,025
Increase in the provision for 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)
Balance at 31 December	49,977,309	27,379,561	22,597,748
Unearned premium			
Balance at 1 January	11,418,709	4,035,643	7,383,066
Increase in the provision for the year	12,482,980	2,518,648	9,964,332
Release of unearned premium during the year	(11,418,709)	(4,035,643)	(7,383,066)
Balance at 31 December	12,482,980	2,518,648	9,964,332
Total technical provisions	62,460,289	29,898,209	32,562,080

(a) Insurance funds and technical provisions denominated in foreign currencies have been translated at 31 December using year-end closing rates of exchange.

(b) Outstanding claims include incurred but not reported (IBNR) provision as follows:

31 December 2022	**Gross**	**Reinsurance**	**Net**
IBNR			
Balance at 1 January	8,799,336	1,619,951	7,179,385
Movement of IBNR	4,905,325	(121,003)	5,026,328
Balance at 31 December	13,704,661	1,498,948	12,205,713

31 December 2021	**Gross**	**Reinsurance**	**Net**
IBNR			
Balance at 1 January	8,452,440	3,264,042	5,188,398
Movement of IBNR	346,896	(1,644,091)	1,990,987
Balance at 31 December	8,799,336	1,619,951	7,179,385

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19 Reinsurance premium and other payables

	31 December 2022	31 December 2021
Reinsurance premium accrued	5,474,063	4,433,220
Payable to cedents and retro-cessionairs	5,207,033	6,620,989
Advances and deposits retained	786,291	885,802
Other payables	889,603	641,138
	12,356,990	12,581,149

Advances and deposits retained include reinsurance premium deposits and loss deposits retained as a share of retrocessionairs from the premium and loss deposits retained by the cedent companies under treaty and facultative arrangements for reinsurance.

20 Deferred policy acquisition costs and deferred commission income

(a) The movement in deferred policy acquisition costs is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
As at 1 January	3,081,338	2,702,382
Charge for the year	(7,754,108)	(6,128,169)
Payments during the year	8,609,325	6,507,125
As at 31 December	3,936,555	3,081,338

(b) The movement in deferred commission income is as follows:

	31 December 2022	31 December 2021
As at 1 January	357,811	953,716
Commission income recognised during the year	(561,948)	(1,572,736)
Commission income received during the year	472,711	976,831
As at 31 December	268,574	357,811
	3,667,981	2,723,527

21 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 with 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. During the year, the following transactions were entered into with the related parties:

(a) Significant transactions during the year with related parties are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Shareholders with significant influence:		
Gross premium	3,274,133	1,496,224
Commission expense	964,932	519,547
Claims expense	193,537	1,933,810
Reinsurance premium ceded	1,895,315	821,031
Commission income	137,308	39,884
Claims (payment)/recovery	(144,520)	1,930,776

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21 Related party transactions and balances (continued)

(b) Key management compensation:

Directors' remuneration	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Directors' sitting fees	58,000	60,200

Key management remuneration	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Salaries and other employment benefits	378,502	523,196

(c) Other transactions:

	Year ended 31 December 2022	**Year ended 31 December 2021**
Maintenance fee	19,225	-
Reinsurance software purchase	-	161,490

(d) Related party balances

	Year ended 31 December 2022	**Year ended 31 December 2021**
Shareholders with significant influence:		
Gross		
Premiums receivable, net of commissions and claims	(1,685,200)	(1,553,414)
Outstanding claims	6,462,564	8,980,682
Reinsurance		
Premium payables, net of commissions and claims	(4,558)	166,536
Outstanding claims receivable	2,267,787	3,022,734

22 Bank deposits

	31 December 2022	**31 December 2021**
Non-current portion of bank deposits	6,590,268	12,288,000
Current portion of bank deposits	15,826,000	11,165,268
	22,416,268	23,453,268

Bank deposits represent deposits placed with commercial banks in the Sultanate of Oman, which are denominated in Omani Rial and earn interest at commercial rates ranging between 4.10% and 5.76% per annum (31 December 2021: between 3.25% and 4.90% per annum). The deposits which are due for maturity after one year of the date of financial position have been disclosed as part of non-current assets.

The current portion of bank deposits represents deposits which will mature within 1 year of the date of the financial position.

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22 Bank deposits (cotninued)

The bank deposits are held under lien by the following:

	31 December 2022	31 December 2021
Capital Market Authority	18,878,268	17,953,268

23 Cash and cash equivalents

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

	31 December 2022	31 December 2021
Cash on hand	1,980	1,992
Current and call account balances with banks	2,753,297	5,554,556
	2,755,277	5,556,548

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).

Credit ratings of bank balances and bank deposits from rating agencies:	31 December 2022	31 December 2021
Aa3	2,638,599	827,224
B1	7,124,816	7,457,450
Ba1	132,167	-
Ba3	15,273,983	20,630,455
Unrated (Cash on hand)	1,980	1,992
	25,171,545	28,917,121

24 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 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 financial position as at 31 December 2022.

The Company has reported a net taxable profit for the year. A provision for tax of RO 253,947 (2021: RO 93,603) has been recognised in the current year.

(i) Tax expense	Year ended 31 December 2022	Year ended 31 December 2021
Current tax		
Charge for the current year	368,864	244,852
Charge for prior years	5,159	7,923
	374,023	252,775
Deferred tax		
Credit for the current year (profit or loss)	(120,076)	(159,172)
(Credit)/charge for the current year (other comprehensive income)	(288,228)	227,530
	(408,304)	68,358
Net charge to the profit or loss	253,947	93,603
Net (credit)/charge to other comprehensive income	(288,228)	227,530
	(34,281)	321,133

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24 Taxation (continued)

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 year and the standard rate of corporate tax applied to the net profit for the year are as follows:-

	Year ended 31 December 2022	Year ended 31 December 2021
Net profit before tax for the year	1,880,971	1,449,058
Tax at the applicable rate (15%)	282,146	217,359
Expenses not deductible for tax purposes	(33,358)	(131,679)
Prior years adjustments in provision	5,159	7,923
Total tax expenses as per profit or loss	253,947	93,603

(ii) Movement in current tax liability is as under:

	31 December 2022	31 December 2021
At the beginning of the year	244,852	31,261
Charge for the year	374,023	252,775
Paid during the year	(250,011)	(39,184)
At the end of the year	368,864	244,852

(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 statement of financial position. Deferred tax (asset) and liabilities are attributable as under:

	Year ended 31 December 2022	Year ended 31 December 2021
As at 1 January	68,358	-
Credit recognised in profit or loss	(120,076)	(159,172)
(Credit)/charge recognised in other comprehensive income (Note 10 (c))	(288,228)	227,530
At 31 December	(339,946)	68,358

25 Investment and other income - net

	Year ended 31 December 2022	Year ended 31 December 2021
Interest on bonds and bank deposits	2,181,937	1,848,628
Dividend income	115,490	111,237
Realised gains on sale of investments at fair value through other comprehensive income	9,351	184,422
Unrealised fair value gains/(losses) on investments at fair value through profit or loss (Note 11)	9,609	(133)
Gains on sale of property and equipment	708	-
Custody expenses	(14,484)	(37,618)
Miscellaneous income	28,260	-
	2,330,871	2,106,536

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26 Net underwriting results

Income	Year ended 31 December 2022	Year ended 31 December 2021
Gross premiums written	36,590,738	27,605,434
Movement in unearned premium reserve	(3,570,752)	(1,064,271)
Insurance premium revenue	33,019,986	26,541,163
Reinsurance premium ceded	(7,584,435)	(7,110,713)
Movement in unearned premium reserve	(61,636)	(1,516,995)
Insurance premium retroceded to reinsurers	(7,646,071)	(8,627,708)
Net insurance premium earned	25,373,915	17,913,455
Gross claims paid	(12,928,670)	(11,404,914)
Reinsurance recoveries	6,438,708	6,615,869
Net claims paid	(6,489,962)	(4,789,045)
Change in provision for outstanding claims, gross	(1,510,281)	(5,497,557)
Change in provision for outstanding claims, reinsurance	(6,821,187)	(1,013,166)
Claims and related expenses	(14,821,430)	(11,299,768)
Policy acquisition costs	(8,626,223)	(6,522,766)
Policy acquisition costs recovered from reinsurers	472,711	976,831
Change in deferred policy acquisition costs	944,454	974,861
Interest on premium reserve	16,898	15,641
Total policy acquisition costs	(7,192,160)	(4,555,433)
Net insurance benefits and claims	(22,013,590)	(15,855,201)
Net underwriting results	3,360,325	2,058,254

27 General and administrative expenses

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and other related staff costs (Note 28)	2,254,047	1,879,362
Legal and professional fees	242,221	200,904
Depreciation and amortisation (Notes 6 and 7)	122,533	133,588
Business travel expenses	91,431	27,901
Computer expenses	86,557	30,091
Short-term lease rentals	79,952	76,658
Meeting related expenses	75,875	87,195
Advertising and business promotion expenses	41,583	37,317
Telephone, fax and postage	25,800	22,767
Office maintenance	17,438	17,484
Miscellaneous expenses	111,192	83,114
	3,148,629	2,596,381

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28 Salaries and other related staff costs

	Year ended 31 December 2022	Year ended 31 December 2022
Salaries and allowances	1,455,081	1,286,215
Provision for leave salary	151,393	141,190
Employees' benefit liabilities (Note 17)	89,709	71,370
Social security costs	80,679	73,101
Other staff costs	477,185	307,486
	2,254,047	1,879,362

29 Basic and diluted 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 year.

	31 December 2022	31 December 2021
Weighted average number of shares	330,775,600	305,129,267
Net profit for the year	1,627,024	1,355,455
Earnings per share - basic and diluted	0.005	0.004

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

30 Net assets per share

The calculation of the net assets per share is based on net assets as at 31 December 2022 attributable to ordinary shareholders of RO 29,089,086 (31 December 2021: RO 29,260,686) divided by the number of shares outstanding at the year-end of 330,775,600 ordinary shares (31 December 2021: 330,775,600 ordinary shares).

	31 December 2022	31 December 2021
Net assets as at the year-end (RO)	29,089,086	29,260,686
Number of shares outstanding at the year-end	330,775,600	330,775,600
Net assets per share (RO)	0.088	0.088

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31 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.

The Company has the following operating segments:

	2022			2021		
	Facultative	Treaty	Total	Facultative	Treaty	Total
Reinsurance revenue:						
Gross written premiums	19,748,341	16,842,397	36,590,738	13,524,989	14,080,445	27,605,434
Less: premiums ceded	(4,670,096)	(2,914,339)	(7,584,435)	(4,499,388)	(2,611,325)	(7,110,713)
Net written premiums (a)	15,078,245	13,928,058	29,006,303	9,025,601	11,469,120	20,494,721
Gross unearned premiums (movement)	(2,428,493)	(1,142,259)	(3,570,752)	(75,172)	(989,099)	(1,064,271)
Less: Reinsurance unearned premiums (movement)	255,078	(316,714)	(61,636)	(1,439,969)	(77,026)	(1,516,995)
Net movement in unearned premiums (b)	(2,173,415)	(1,458,973)	(3,632,388)	(1,515,141)	(1,066,125)	(2,581,266)
Net insurance premium earned (c) = (a) + (b)	**12,904,830**	**12,469,085**	**25,373,915**	**7,510,460**	**10,402,995**	**17,913,455**
Cost of reinsurance revenue:						
Commission and tax paid	(3,971,277)	(4,654,946)	(8,626,223)	(2,851,298)	(3,671,468)	(6,522,766)
Reinsurance commission and tax recoveries	296,563	176,148	472,711	435,295	541,536	976,831
Net commission (d)	(3,674,714)	(4,478,798)	(8,153,512)	(2,416,003)	(3,129,932)	(5,545,935)
Deferred acquisition costs (movement)	511,409	343,808	855,217	66,896	312,060	378,956
Reinsurance deferred acquisition costs (movement)	(45,560)	134,797	89,237	457,357	138,548	595,905
Net deferred acquisition costs (e)	465,849	478,605	944,454	524,253	450,608	974,861
Interest on premium reserves (net) (f)	-	16,898	16,898	-	15,641	15,641
Net incurred acquisition costs (g) = (d) + (e) + (f)	(3,208,865)	(3,983,295)	(7,192,160)	(1,891,750)	(2,663,683)	(4,555,433)
Gross claims paid	(6,892,119)	(6,036,551)	(12,928,670)	(6,688,802)	(4,716,112)	(11,404,914)
Less: Reinsurance claims recovered	4,783,025	1,655,683	6,438,708	4,868,492	1,747,377	6,615,869
Net claims paid (h)	(2,109,094)	(4,380,868)	(6,489,962)	(1,820,310)	(2,968,735)	(4,789,045)
Change in gross outstanding claims	4,214,878	(819,833)	3,395,045	(1,112,272)	(4,038,388)	(5,150,660)
Less: change in reinsurance claims	(5,766,534)	(933,648)	(6,700,182)	(241,765)	872,689	630,924
Net outstanding claims (i)	(1,551,656)	(1,753,481)	(3,305,137)	(1,354,037)	(3,165,699)	(4,519,736)
IBNR movement (j)	(3,596,100)	(1,430,231)	(5,026,331)	156,160	(2,147,147)	(1,990,987)
Net incurred claims (k) = (h) + (i) + (j)	(7,256,850)	(7,564,580)	(14,821,430)	(3,018,187)	(8,281,581)	(11,299,768)
Total cost of insurance (l) = (g) + (k)	(10,465,715)	(11,547,875)	(22,013,590)	(4,909,937)	(10,945,264)	(15,855,201)
Net underwriting profit/(loss) (m) = (c) + (l)	**2,439,115**	**921,210**	**3,360,325**	**2,600,523**	**(542,269)**	**2,058,254**
Loss ratio	**56%**	**61%**	**58%**	**40%**	**80%**	**63%**

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

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32 Management of insurance and financial risk

The Company's activities expose it to a variety of insurance and financial risks: market risk (price risk, interest rate risk and currency risk), liquidity risk and credit risk. As taking risk is core to the financial business and operational risks are an inevitable consequence of any business, the Company's aim is to achieve an appropriate balance between risk and return while minimising the potential adverse effects on the financial performance.

The Board of Directors define risk limits and sets suitable policies in this regard for management of insurance risk, credit risk, liquidity risk as well as market risk relating to the investment and liability management activities of the Company. Risk Management is carried out by the management in accordance with documented policies approved by the Board of Directors.

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Industry experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The Company manages these risks through its undewriting strategy, adequate retro-insurance arrangements and proactive claims handling. The undewriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Undewriting limits are in place to enforce appropriate risk selection criteria.

The retro-insurance arrangements include excess, stop-loss and catastrophe coverage. The effect of such retro-insurance arrangements is that the Company has transferred insurance risk for the exposure taken in fire, engineering and accident classes. Further, the Company has also taken excess-of-loss coverage policy to reduce its exposure to high-value losses.

Sources of uncertainty in the estimation of future claims payments

Claims on insurance and reinsurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long-period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each statement of financial position date, together with cumulative payments to date.

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32 Management of insurance and financial risk (continued)
(a) Insurance Risk (continued)

Gross

Underwriting year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Underwriting year	-	997,597	991,241	2,650,792	1,357,241	1,542,935	1,191,676	968,790	2,119,344	3,491,940	9,287,553	6,768,649	7,594,819	4,354,495	38,962,577
One year later	379,865	4,832,662	3,802,818	5,273,240	2,799,868	2,563,745	4,003,017	5,565,467	5,964,466	9,089,093	20,016,407	14,508,617	13,360,808	-	92,160,073
Two years later	901,117	6,318,611	5,398,873	7,710,919	3,471,392	3,057,699	4,341,724	8,748,573	8,312,079	11,113,715	20,664,131	14,585,120	-	-	94,623,953
Three years later	992,955	6,889,267	6,456,307	6,688,474	3,009,363	3,061,651	4,747,923	9,131,676	8,681,886	12,069,927	19,400,922	-	-	-	81,130,351
Four years later	1,070,281	6,912,976	6,610,766	7,276,021	3,150,437	3,120,270	4,863,556	8,720,838	8,592,480	12,949,451	-	-	-	-	63,267,076
Five years later	1,150,075	6,573,655	6,038,340	6,993,037	3,200,669	3,122,599	5,441,597	8,425,678	8,505,838	-	-	-	-	-	49,451,488
Six years later	1,149,185	6,530,949	5,858,439	6,789,996	3,170,736	3,181,511	5,266,690	8,345,299	-	-	-	-	-	-	40,292,805
Seven years later	1,153,059	6,683,454	6,140,600	6,860,947	3,058,686	3,232,384	5,189,568	-	-	-	-	-	-	-	32,318,706
Eight years later	1,131,002	6,571,997	5,916,468	7,406,979	3,079,820	3,238,504	-	-	-	-	-	-	-	-	27,344,770
Nine years later	1,125,097	5,076,258	5,837,261	7,481,917	3,053,123	-	-	-	-	-	-	-	-	-	22,573,656
Ten years later	1,119,179	4,889,696	5,836,556	7,438,342	-	-	-	-	-	-	-	-	-	-	19,283,773
Eleven years later	1,132,315	4,915,823	5,799,869	-	-	-	-	-	-	-	-	-	-	-	11,848,007
Twelve years later	1,136,271	4,871,311	-	-	-	-	-	-	-	-	-	-	-	-	6,007,582
Thirteen years later	1,110,179	-	-	-	-	-	-	-	-	-	-	-	-	-	1,110,179
Current estimate of cumulative claims	1,110,179	4,871,311	5,799,869	7,438,342	3,053,123	3,238,504	5,189,568	8,345,299	8,505,838	12,949,451	19,400,922	14,585,120	13,360,808	4,354,495	112,202,829
Cumulative payments to date	(1,103,147)	(4,831,915)	(5,648,234)	(6,431,465)	(2,898,427)	(3,150,348)	(4,876,998)	(7,336,351)	(7,371,003)	(8,242,903)	(11,289,267)	(6,546,210)	(4,356,598)	(337,034)	(74,419,900)
IBNR	-	-	-	-	-	-	-	14,972	105,957	521,731	760,692	1,560,959	3,573,410	7,166,940	13,704,661
Total gross outstanding claims liabilities as per underwriting year	7,032	39,396	151,635	1,006,877	154,696	88,156	312,570	1,023,920	1,240,792	5,228,279	8,872,347	9,599,869	12,577,620	11,184,401	51,487,590

Net

Underwriting year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Underwriting year	-	468,994	565,133	1,207,180	761,454	788,473	822,441	717,075	784,647	552,901	2,755,223	1,145,442	4,786,078	3,979,863	15,355,041
One year later	238,122	2,271,951	2,168,090	2,401,452	1,570,812	1,372,544	2,102,172	3,272,266	4,332,159	3,136,028	5,945,560	6,713,477	10,630,720	-	46,155,353
Two years later	564,873	2,970,532	3,078,044	3,511,580	1,873,428	1,644,743	2,474,330	5,117,559	5,543,801	4,960,436	6,844,859	10,109,129	-	-	48,693,314
Three years later	622,442	3,238,811	3,680,916	3,352,162	1,806,324	1,727,970	2,949,855	5,524,760	5,810,973	6,000,500	7,720,282	-	-	-	42,434,995
Four years later	670,914	3,249,957	3,664,034	3,532,958	1,783,441	1,878,580	2,688,426	5,342,911	5,657,334	6,587,412	-	-	-	-	35,055,967
Five years later	720,934	3,106,520	3,768,400	3,593,515	1,761,875	1,765,144	2,898,161	5,239,414	5,645,493	-	-	-	-	-	28,499,456
Six years later	715,164	3,122,428	3,593,057	3,474,729	1,862,425	1,806,571	2,827,738	5,300,064	-	-	-	-	-	-	22,702,176
Seven years later	810,627	3,171,682	3,811,190	3,542,541	1,532,780	1,815,593	2,792,704	-	-	-	-	-	-	-	17,477,117
Eight years later	793,662	2,770,025	3,677,350	3,739,310	1,519,108	1,837,607	-	-	-	-	-	-	-	-	14,337,062
Nine years later	1,149,124	3,007,201	3,565,726	3,752,753	765,643	-	-	-	-	-	-	-	-	-	12,240,447
Ten years later	781,015	2,887,677	3,559,863	3,716,281	-	-	-	-	-	-	-	-	-	-	10,944,836
Eleven years later	777,014	3,004,342	3,457,797	-	-	-	-	-	-	-	-	-	-	-	7,239,153
Twelve years later	778,659	3,010,010	-	-	-	-	-	-	-	-	-	-	-	-	3,788,669
Thirteen years later	766,900	-	-	-	-	-	-	-	-	-	-	-	-	-	766,900
Current estimate of cumulative claims	766,900	3,010,010	3,457,797	3,716,281	765,643	1,837,607	2,792,704	5,300,064	5,645,493	6,587,412	7,720,282	10,109,129	10,630,720	3,979,863	66,319,905
Cumulative payments to date	(763,713)	(2,980,735)	(3,528,714)	(3,242,779)	(1,688,498)	(1,775,468)	(2,580,202)	(4,766,317)	(5,012,684)	(5,094,416)	(5,230,395)	(6,612,180)	(3,990,083)	(330,218)	(47,596,402)
IBNR	-	-	-	-	-	-	-	14,012	58,120	124,960	523,427	1,241,160	3,249,615	6,994,419	12,205,713
Total net outstanding claims liabilities as per underwriting year	3,187	29,275	(70,917)	473,502	(922,855)	62,139	212,502	547,759	690,929	1,617,956	3,013,314	4,738,109	9,890,252	10,644,064	30,929,216

32 Management of insurance and financial risk (continued)

(b) Financial risk

The Company is exposed to a range of financial risks through its financial assets. The most important components of this financial risk are interest rate risk, foreign currency risk, credit risk and liquidity risk.

(i) Price risk

The Company is exposed to price risk because of investments held by the Company which are classified as fair value through other comprehensive income. All investment securities present a risk of loss of capital. The Company controls this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the carrying amount of the financial instruments. The Company's overall market positions are monitored on a daily basis and are reviewed periodically by the management and Board of Directors. Impact of 5% increase/decrease of the Market Index on the Company's investments at fair value through other comprehensive income and through profit or loss for the year would be RO 1,491,466 (2021: RO 1,018,258). The analysis is based on the assumption that the market index increases/decreases by 5% with all other variables held constant and all the Company's instruments would have moved according to the historical correlation with the index.

(ii) Interest rate risk

The Company's interest rate risk arises from investment in term deposits. The long-term bank deposits are with a maturity period of one to two years and the pricing is renegotiated at the end of each term. These deposits are independent of the changes in the applicable interest rates.

As part of Company's liquidity management policies, management also place cash in bank deposits and call accounts. These placements are with a maturity period of less than a year. The interest on these placements is set at the beginning of the term. Accordingly, these placements expose the Company to cash flow interest-rate risk. The Company carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the Company's needs. If the interest rates on bank deposits would have changed, with all other variables held constant, by 50 basis points for the year, interest income would have been lower/higher by RO 112,081 (2021: RO 117,266).

(iii) Foreign exchange risk

Foreign exchange risk is the risk that any foreign currency positions taken by the Company may be adversely affected due to volatility in exchange rates. The Company's exposure to foreign exchange risk arises from recognised assets and liabilities. The table below summarises the Company's exposure to foreign currency exchange rate risk at the statement of financial position date by categorising monetary assets and liabilities by major currencies.

Currency risk	**31 December 2022**				
	Omani Rial	**US Dollar**	**Egyptian Pound**	**Others**	**Total**
Assets					
Bank balances	14,543,380	3,361,153	-	676,744	18,581,277
Bank deposits	6,590,268	-	-	-	6,590,268
Investments in fair value through other comprehensive	2,312,321	24,701,725	-	2,177,734	29,191,780
Investments in fair value through profit or loss	-	428,379	-	209,160	637,539
Insurance and other receivables	1,673,599	4,049,397	307,548	4,994,748	11,025,292
Accrued income	1,169,184	9,533,495	540,968	2,721,233	13,964,880
Reinsurer's share of technical reserves	5,629,683	8,662,581	65,918	8,657,204	23,015,386
Total assets	31,918,435	50,736,730	914,434	19,436,823	103,006,422

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(Expressed in Omani Rial)

32 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(iii) Foreign exchange risk (continued)

	31 December 2022				
Liabilities	**Omani Rial**	**US Dollar**	**Egyptian Pound**	**Others**	**Total**
Technical provisions	6,180,799	29,769,909	1,255,026	30,335,588	67,541,322
Reinsurance premium and other payables excluding reinsurance accrued premium	1,898,730	5,486,968	10,303	(513,074)	6,882,927
Reinsurance premium accrued	5,474,063	-	-	-	5,474,063
Total liabilities	13,553,592	35,256,877	1,265,329	29,822,514	79,898,312
Net assets/(liabilities)	18,364,843	15,479,853	(350,895)	(10,385,691)	23,108,110

Currency risk	31 December 2021				
	Omani Rial	**US Dollar**	**Egyptian Pound**	**Others**	**Total**
Assets					
Bank balances	11,477,908	3,777,388	-	1,466,520	16,721,816
Bank deposits	12,288,000	-	-	-	12,288,000
Investments in fair value					-
through other comprehensive	3,370,907	15,973,517	-	444,123	19,788,547
Investments in fair value					-
through profit or loss	-	576,615	-	-	576,615
Insurance and other receivables	1,019,043	2,504,790	288,117	4,548,908	8,360,858
Accrued income	1,633,182	5,758,583	205,834	4,272,536	11,870,135
Reinsurer's share of technical reserves	11,053,019	11,339,857	112,202	7,393,131	29,898,209
Total assets	40,842,059	39,930,750	606,153	18,125,218	99,504,180

	31 December 2021				
Liabilities	**Omani Rial**	**US Dollar**	**Egyptian Pound**	**Others**	**Total**
Technical provisions	6,749,490	29,579,292	1,307,322	24,824,185	62,460,289
Reinsurance premium and other payables excluding reinsurance accrued premium	1,675,870	3,374,435	(6,431)	3,104,055	8,147,929
Reinsurance premium accrued	4,433,220	-	-	-	4,433,220
Total liabilities	12,858,579	32,953,727	1,300,891	27,928,240	75,041,438
Net assets/(liabilities)	27,983,480	6,977,023	(694,739)	(9,803,022)	24,462,742

The Company manages the risk through regular monitoring of the currency markets and maintaining appropriate mix of net assets denominated in foreign currencies to minimise the foreign exchange risk exposure. The Company is not exposed to foreign exchange risk from net assets denominated in US Dollar or in currencies linked to the US Dollar as the rate of exchange between the Omani Rial and the US Dollar has not changed since January 1986. The Company is exposed to foreign exchange risk for net assets denominated in other foreign currencies. If the currency rates on such other foreign currencies would have changed, with all other variables held constant, by 50 basis points, foreign exchange exposure would have been lower/higher by RO 115,562 (2021: RO 122,402).

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32 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(iv) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from bank balances, deposits with banks as well as credit exposures to insurance and reinsurance companies, including outstanding amounts from related parties.

Bad debt risks in reinsurance are of relevance to the Company because the business that is accepted is not always fully retained, but instead portions are retroceded, as necessary. The retrocession partners are therefore carefully selected in light of credit considerations.

The Company attempts to control credit risk with regards to insurance and reinsurance receivables by monitoring credit exposures, limiting transactions with specific counter parties and assessing continually the creditworthiness of counter parties.

There is no concentration of credit risk with respect to insurance and reinsurance receivables, as the Company has a large number of internationally dispersed customers.

The Company limits its credit risk with regards to long and short-term bank deposits by dealing with reputable banks of satisfactory rating. Set out below is the Company's maximum exposure to credit risk:

	31 December 2022	31 December 2021
Bank deposits	6,590,268	12,288,000
Insurance and other receivables-net (excluding prepayments)	10,850,804	8,248,317
Accrued income	13,964,880	11,870,135
Reinsurers' share of insurance funds (excluding unearned premium)	20,558,374	27,379,561
Bank balances and deposits	18,581,277	16,721,816
	70,545,603	76,507,829

An analysis of insurance and other receivables is set out in Note 12.

(v) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments. Such outflows would deplete available cash resources for operational, trading and investment activities. In extreme circumstances, lack of liquidity could result in a reduction in the statement of financial position through sales of assets, or potentially an inability to fulfill contractual commitments. The risk that the Company will be unable to do so is inherent in all reinsurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Company's liquidity management process, as carried out within the Company including day-to-day funding, is managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows and monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements.

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32 Management of insurance and financial risk (continued)

(v) Liquidity risk (continued)

The table below analysis the Company's financial liabilities into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	1 to 3 months	3 to 6 months	6 months and above	Undetermined period	Total
31 December 2022					
Other payables	889,603	-	-	-	889,603
	889,603	-	-	-	889,603
31 December 2021					
Other payables	641,138	-	-	-	641,138
	641,138	-	-	-	641,138

(c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital requirements are prescribed by the CMA.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(d) Fair value estimation

For financial instruments that are measured in the statement of financial position at fair value, the Company is required to disclose the fair value measurement by level of the following fair value hierarchy:

• Level 1 – Quoted (unadjusted) market prices in active markets.
• Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company holds investments at fair value through other comprehensive income of RO 29,191,780 (2021: RO 19,788,547) which are categorised as level 1 and investments at fair value through profit or loss of RO 637,539 (2021: RO 576,615) which are categorised as level 2. The Company's investment property is valued by applying level 3 technique. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

33 Comparative figures

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

34 Subsequent events

There were no other events subsequent to 31 December 2022 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

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35 Notes supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

	2022	2021
At 1 January	32,615,926	30,000,000
Cash inflows	-	2,615,926
At 31 December	32,615,926	32,615,926