

**OMAN INSURANCE COMPANY P.S.C. AND ITS  
SUBSIDIARIES**

**Review report and condensed consolidated interim  
financial information  
for the three month period ended 31 March 2021**

## **OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES**

### **Review report and condensed consolidated interim financial information for the three month period ended 31 March 2021**

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## Review report on condensed consolidated interim financial information to the board of directors of Oman Insurance Company P.S.C.

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Oman Insurance Company P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2021 and the related condensed consolidated interim income statement and condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers  
10 May 2021

Jacques Fakhoury  
Registered Auditor Number 379  
Place: Dubai, United Arab Emirates

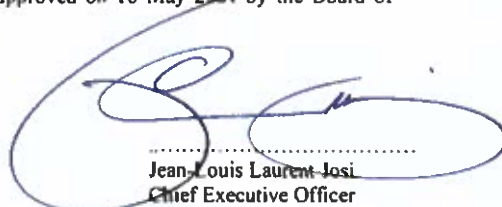
# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

## Condensed consolidated interim statement of financial position

|                                                                                 |       | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|---------------------------------------------------------------------------------|-------|------------------------------------------------|-------------------------------------------------|
|                                                                                 | Notes |                                                |                                                 |
| <b>Assets</b>                                                                   |       |                                                |                                                 |
| Property and equipment                                                          |       | 51,465                                         | 48,604                                          |
| Intangible assets                                                               |       | 73,519                                         | 75,763                                          |
| Investment properties                                                           |       | 449,715                                        | 449,715                                         |
| Goodwill                                                                        |       | 7,702                                          | 8,358                                           |
| Deferred tax assets                                                             |       | 1,714                                          | 1,651                                           |
| Statutory deposits                                                              |       | 172,188                                        | 171,982                                         |
| Financial investments at amortised cost                                         | 6     | 1,681,731                                      | 1,679,238                                       |
| Financial investments at fair value through other comprehensive income (FVTOCI) | 6     | 495,716                                        | 443,194                                         |
| Financial investments at fair value through profit or loss                      | 6     | 422,961                                        | 394,008                                         |
| Reinsurance contract assets                                                     | 7     | 2,884,763                                      | 2,869,140                                       |
| Deferred acquisition costs                                                      |       | 180,524                                        | 154,765                                         |
| Insurance and reinsurance receivables                                           | 8     | 639,453                                        | 574,063                                         |
| Prepayments and other receivables                                               | 9     | 93,878                                         | 79,848                                          |
| Deposits with banks                                                             |       | 410,095                                        | 396,458                                         |
| Cash and cash equivalents                                                       | 14    | 311,688                                        | 261,123                                         |
| <b>Total assets</b>                                                             |       | <b>7,877,112</b>                               | <b>7,607,910</b>                                |
| <b>Equity and liabilities</b>                                                   |       |                                                |                                                 |
| <b>Equity</b>                                                                   |       |                                                |                                                 |
| Share capital                                                                   | 10    | 461,872                                        | 461,872                                         |
| Other reserves                                                                  | 11    | 1,485,656                                      | 1,483,398                                       |
| Cumulative changes in fair value of securities                                  |       | (225,065)                                      | (236,311)                                       |
| Foreign currency translation reserve                                            |       | (60,624)                                       | (55,599)                                        |
| Retained earnings                                                               |       | 481,274                                        | 417,560                                         |
| <b>Net equity attributable to the owners of the Company</b>                     |       | <b>2,143,113</b>                               | <b>2,070,920</b>                                |
| Non-controlling interests                                                       |       | 713                                            | 850                                             |
| <b>Total equity</b>                                                             |       | <b>2,143,826</b>                               | <b>2,071,770</b>                                |
| <b>Liabilities</b>                                                              |       |                                                |                                                 |
| Employees' end of service benefits                                              |       | 38,808                                         | 39,090                                          |
| Insurance contract liabilities                                                  | 7     | 4,847,738                                      | 4,724,999                                       |
| Deferred commission income                                                      |       | 105,251                                        | 81,295                                          |
| Other payables                                                                  |       | 171,117                                        | 176,321                                         |
| Reinsurance deposits retained                                                   |       | 166,914                                        | 142,850                                         |
| Insurance and reinsurance payables                                              | 12    | 403,458                                        | 371,585                                         |
| <b>Total liabilities</b>                                                        |       | <b>5,733,286</b>                               | <b>5,536,140</b>                                |
| <b>Total equity and liabilities</b>                                             |       | <b>7,877,112</b>                               | <b>7,607,910</b>                                |

This condensed consolidated interim financial information was approved on 10 May 2021 by the Board of Directors and signed on its behalf by:

  
 Abdul Aziz Abdulla Al Ghurair  
 Chairman

  
 Jean-Louis Laurent Josi  
 Chief Executive Officer

The notes on pages 8 to 28 form an integral part of this condensed consolidated interim financial information. 2

# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

## Condensed consolidated interim income statement

|                                                                                                                             | Notes | Three month period ended 31 March |                                 |
|-----------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------|---------------------------------|
|                                                                                                                             |       | 2021<br>(Unaudited)<br>AED '000   | 2020<br>(Unaudited)<br>AED '000 |
| Gross insurance premium                                                                                                     |       | 1,013,194                         | 1,061,059                       |
| Less: Insurance premium ceded to reinsurers                                                                                 |       | (537,090)                         | (525,588)                       |
| Net retained premium                                                                                                        |       | 476,104                           | 535,471                         |
| Net change in unearned premium, life assurance fund and unit linked liabilities                                             |       | (88,120)                          | (109,565)                       |
| <b>Net earned insurance premium</b>                                                                                         |       | <b>387,984</b>                    | <b>425,906</b>                  |
| Gross claims settled                                                                                                        |       | (527,073)                         | (681,737)                       |
| Insurance claims recovered from reinsurers                                                                                  |       | 277,967                           | 399,384                         |
| <b>Net claims settled</b>                                                                                                   |       | <b>(249,106)</b>                  | <b>(282,353)</b>                |
| Net change in outstanding claims, incurred but not reported claims reserves and unallocated loss adjustment expense reserve |       | (15,309)                          | (6,001)                         |
| <b>Net claims incurred</b>                                                                                                  |       | <b>(264,415)</b>                  | <b>(288,354)</b>                |
| Reinsurance commission income                                                                                               |       | 67,121                            | 43,722                          |
| Commission expenses                                                                                                         |       | (88,333)                          | (81,998)                        |
| Other income relating to underwriting activities                                                                            |       | 11,246                            | 3,487                           |
| <b>Net commission and other income</b>                                                                                      |       | <b>(9,966)</b>                    | <b>(34,789)</b>                 |
| <b>Net underwriting income</b>                                                                                              |       | <b>113,603</b>                    | <b>102,763</b>                  |
| Interest income from financial assets at amortised cost                                                                     |       | 23,110                            | 21,102                          |
| Realised gains/(losses) on sale of financial investments at amortised cost                                                  |       | 296                               | (96)                            |
| Other investment income - net                                                                                               |       | 9,196                             | 10,800                          |
| <b>Net investment income</b>                                                                                                |       | <b>32,602</b>                     | <b>31,806</b>                   |
| <b>Total income</b>                                                                                                         |       | <b>146,205</b>                    | <b>134,569</b>                  |
| General and administrative expenses                                                                                         |       | (70,606)                          | (69,408)                        |
| Board of directors' remuneration                                                                                            | 15.3  | (562)                             | (562)                           |
| (Allowance) for / release of impairment as per IFRS 9 on insurance and reinsurance receivables                              | 8.2   | (7,721)                           | 1,490                           |
| Other expenses - net                                                                                                        |       | (5,661)                           | (9,699)                         |
| <b>Profit before tax</b>                                                                                                    |       | <b>61,655</b>                     | <b>56,390</b>                   |
| Income tax expenses                                                                                                         |       | (1,492)                           | (314)                           |
| <b>Profit for the period</b>                                                                                                |       | <b>60,163</b>                     | <b>56,076</b>                   |
| <b>Attributable to:</b>                                                                                                     |       |                                   |                                 |
| Owners of the Company                                                                                                       |       | 60,300                            | 55,242                          |
| Non-controlling interests                                                                                                   |       | (137)                             | 834                             |
|                                                                                                                             |       | <b>60,163</b>                     | <b>56,076</b>                   |
| <b>Earnings per share (AED)</b>                                                                                             | 13    | <b>0.13</b>                       | <b>0.12</b>                     |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

### Condensed consolidated interim statement of comprehensive income

|             |                                                                                  | <b>Three month period ended 31 March</b> |                    |
|-------------|----------------------------------------------------------------------------------|------------------------------------------|--------------------|
|             |                                                                                  | <b>2021</b>                              | <b>2020</b>        |
|             |                                                                                  | <b>(Unaudited)</b>                       | <b>(Unaudited)</b> |
| <b>Note</b> |                                                                                  | <b>AED '000</b>                          | <b>AED '000</b>    |
|             | <b>Profit for the period</b>                                                     | <b>60,163</b>                            | <b>56,076</b>      |
|             | <b>Other comprehensive income/(loss):</b>                                        |                                          |                    |
|             | <b>Items that will not be reclassified subsequently to profit or loss:</b>       |                                          |                    |
|             | Net fair value gains/(losses) on revaluation of investments designated at FVTOCI | 6 16,918                                 | (100,663)          |
|             | <b>Items that may be reclassified subsequently to profit or loss:</b>            |                                          |                    |
|             | Exchange loss on translating foreign operations                                  | (5,025)                                  | (3,988)            |
|             | <b>Total other comprehensive income/(loss) for the period</b>                    | <b>11,893</b>                            | <b>(104,651)</b>   |
|             | <b>Total comprehensive income/(loss) for the period</b>                          | <b>72,056</b>                            | <b>(48,575)</b>    |
|             | <b>Attributable to:</b>                                                          |                                          |                    |
|             | Owners of the Company                                                            | 72,193                                   | (47,748)           |
|             | Non-controlling interests                                                        | (137)                                    | (827)              |
|             |                                                                                  | <b>72,056</b>                            | <b>(48,575)</b>    |

# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

## Condensed consolidated interim statement of changes in equity

|                                                                   | Share capital<br>AED '000 | Other reserves<br>AED '000 | Cumulative change in fair value of securities<br>AED '000 | Foreign currency translation reserve<br>AED '000 | Retained earnings<br>AED '000 | Equity attributable to the owner of the Company<br>AED '000 | Non-controlling interests<br>AED '000 | Total<br>AED '000 |
|-------------------------------------------------------------------|---------------------------|----------------------------|-----------------------------------------------------------|--------------------------------------------------|-------------------------------|-------------------------------------------------------------|---------------------------------------|-------------------|
| <b>At 1 January 2020 (Audited)</b>                                | <b>461,872</b>            | <b>1,356,684</b>           | <b>(250,990)</b>                                          | <b>(47,982)</b>                                  | <b>373,585</b>                | <b>1,893,169</b>                                            | <b>22,518</b>                         | <b>1,915,687</b>  |
| Profit for the period                                             | -                         | -                          | -                                                         | -                                                | 55,242                        | 55,242                                                      | 834                                   | 56,076            |
| Other comprehensive loss for the period                           | -                         | -                          | (100,663)                                                 | (2,327)                                          | -                             | (102,990)                                                   | (1,661)                               | (104,651)         |
| Total comprehensive (loss)/income for the period                  | -                         | -                          | (100,663)                                                 | (2,327)                                          | 55,242                        | (47,748)                                                    | (827)                                 | (48,575)          |
| Transfer to other reserves from retained earnings (note 11)       | -                         | 125,000                    | -                                                         | -                                                | (125,000)                     | -                                                           | -                                     | -                 |
| Transfer to retained earnings on disposal of investment at FVTOCI | -                         | -                          | 21,525                                                    | -                                                | (21,525)                      | -                                                           | -                                     | -                 |
| <b>At 31 March 2020 (Unaudited)</b>                               | <b>461,872</b>            | <b>1,481,684</b>           | <b>(330,128)</b>                                          | <b>(50,309)</b>                                  | <b>282,302</b>                | <b>1,845,421</b>                                            | <b>21,691</b>                         | <b>1,867,112</b>  |
| <b>At 31 December 2020 (Audited)</b>                              | <b>461,872</b>            | <b>1,483,398</b>           | <b>(236,311)</b>                                          | <b>(55,599)</b>                                  | <b>417,560</b>                | <b>2,070,920</b>                                            | <b>850</b>                            | <b>2,071,770</b>  |
| Profit for the period                                             | -                         | -                          | -                                                         | -                                                | 60,300                        | 60,300                                                      | (137)                                 | 60,163            |
| Other comprehensive income/(loss) for the period                  | -                         | -                          | 16,918                                                    | (5,025)                                          | -                             | 11,893                                                      | -                                     | 11,893            |
| Total comprehensive income/(loss) for the period                  | -                         | -                          | 16,918                                                    | (5,025)                                          | 60,300                        | 72,193                                                      | (137)                                 | 72,056            |
| Transfer to other reserves from retained earnings (note 11)       | -                         | 2,258                      | -                                                         | -                                                | (2,258)                       | -                                                           | -                                     | -                 |
| Transfer to retained earnings on disposal of investment at FVTOCI | -                         | -                          | (5,672)                                                   | -                                                | 5,672                         | -                                                           | -                                     | -                 |
| <b>At 31 March 2021 (Unaudited)</b>                               | <b>461,872</b>            | <b>1,485,656</b>           | <b>(225,065)</b>                                          | <b>(60,624)</b>                                  | <b>481,274</b>                | <b>2,143,113</b>                                            | <b>713</b>                            | <b>2,143,826</b>  |

The notes on pages 8 to 28 form an integral part of this condensed consolidated interim financial information.

# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

## Condensed consolidated interim statement of cash flows

|                                                                                                                                | <b>Three month period ended 31 March</b> |                    |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------|
|                                                                                                                                | <b>2021</b>                              | <b>2020</b>        |
|                                                                                                                                | <b>(Unaudited)</b>                       | <b>(Unaudited)</b> |
|                                                                                                                                | <b>AED '000</b>                          | <b>AED '000</b>    |
| <b>Cash flows from operating activities</b>                                                                                    |                                          |                    |
| Profit for the period before tax                                                                                               | 61,655                                   | 56,390             |
| <b>Adjustments for:</b>                                                                                                        |                                          |                    |
| Depreciation and amortisation                                                                                                  | 6,476                                    | 5,823              |
| Unrealised (gains)/losses on financial investments at FVTPL                                                                    | (361)                                    | 2,897              |
| Provision for employees' end of service benefits                                                                               | 1,296                                    | 1,725              |
| Allowance for /(release) of impairment on insurance and reinsurance receivables                                                | 7,721                                    | (1,490)            |
| (Release)/allowance for impairment of financial investments at amortised cost                                                  | (97)                                     | 376                |
| Allowance for impairment of bank balances and deposits                                                                         | 1,099                                    | 669                |
| Dividend income from financial investments at FVTPL and FVTOCI                                                                 | (7,964)                                  | (14,015)           |
| Interest income from financial assets                                                                                          | (25,108)                                 | (22,313)           |
| Amortisation of financial assets measured at amortised cost                                                                    | 1,998                                    | 1,210              |
| Realised losses on sale of financial investments at FVTPL                                                                      | 47                                       | 151                |
| Realised (gains)/losses on sale of financial investments at amortised cost                                                     | (296)                                    | 96                 |
| Interest expense on lease liability                                                                                            | 328                                      | 236                |
| Other investment (income)/expenses                                                                                             | (24)                                     | 1,118              |
| Rental income from investment properties                                                                                       | (1,896)                                  | (1,996)            |
| <b>Operating cash flows before changes in working capital and payment of employees' end of service benefits and income tax</b> | <b>44,874</b>                            | <b>30,877</b>      |
| <b>Changes in working capital</b>                                                                                              |                                          |                    |
| Increase in reinsurance contract assets                                                                                        | (15,623)                                 | (110,506)          |
| Increase in insurance, reinsurance and other receivables                                                                       | (80,780)                                 | (174,192)          |
| Increase in deferred acquisition costs                                                                                         | (25,759)                                 | (13,027)           |
| Increase in insurance contract liabilities                                                                                     | 110,133                                  | 227,543            |
| Increase/(decrease) in insurance, reinsurance and other payables                                                               | 26,116                                   | (13,500)           |
| Increase in reinsurance deposits retained                                                                                      | 24,064                                   | 4,584              |
| Increase in deferred commission income                                                                                         | 23,956                                   | 4,483              |
| (Increase)/decrease in unit linked investments                                                                                 | (12,606)                                 | 71,348             |
| Increase/(decrease) in unit linked liabilities                                                                                 | 12,606                                   | (71,348)           |
| <b>Net cash generated from/(used in) operations</b>                                                                            | <b>106,981</b>                           | <b>(43,738)</b>    |
| Employees' end of service benefits paid                                                                                        | (1,578)                                  | (1,395)            |
| Income tax paid                                                                                                                | -                                        | (501)              |
| <b>Net cash generated from/(used in) operating activities</b>                                                                  | <b>105,403</b>                           | <b>(45,634)</b>    |



# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

## Condensed consolidated interim statement of cash flows (continued)

|                                                                                          | <b>Three month period ended 31 March</b> |                    |
|------------------------------------------------------------------------------------------|------------------------------------------|--------------------|
|                                                                                          | <b>2021</b>                              | <b>2020</b>        |
|                                                                                          | <b>(Unaudited)</b>                       | <b>(Unaudited)</b> |
|                                                                                          | <b>AED '000</b>                          | <b>AED '000</b>    |
| <b>Cash flows from investing activities</b>                                              |                                          |                    |
| Purchases of financial investments at FVTOCI                                             | (84,877)                                 | (29,488)           |
| Proceeds from sale of financial investments at FVTOCI                                    | 49,273                                   | 41,128             |
| Purchases of financial investments at FVTPL (excluding unit linked investments)          | (19,730)                                 | (1,220)            |
| Proceeds from sale of financial investments at FVTPL (excluding unit linked investments) | 3,697                                    | 35,162             |
| Proceeds from disposals/maturities of financial investments at amortised cost            | 30,814                                   | 44,254             |
| Purchase of financial investments at amortised cost                                      | (32,116)                                 | (38,393)           |
| Dividend received from financial investments at FVTPL and FVTOCI                         | 1,602                                    | 7,955              |
| Interest received from deposits and financial investments                                | 24,437                                   | 21,498             |
| Rental income received from investment properties                                        | 1,897                                    | 1,869              |
| Other investment expenses paid                                                           | (259)                                    | (1,582)            |
| Purchase of property and equipment and intangible assets                                 | (7,953)                                  | (3,441)            |
| (Increase)/decrease in term deposits with original maturities of more than three months  | (15,762)                                 | 71,969             |
| (Increase)/decrease in statutory deposits                                                | (206)                                    | 928                |
| <b>Net cash (used in)/generated from investing activities</b>                            | <b>(49,183)</b>                          | <b>150,639</b>     |
| <b>Cash flows from financing activities</b>                                              |                                          |                    |
| Interest element of lease payments                                                       | (29)                                     | (43)               |
| Principal element of lease payments                                                      | (219)                                    | (405)              |
| <b>Net cash used in financing activities</b>                                             | <b>(248)</b>                             | <b>(448)</b>       |
| <b>Net increase in cash and cash equivalents</b>                                         | <b>55,972</b>                            | <b>104,557</b>     |
| Cash and cash equivalents at the beginning of the period                                 | 261,900                                  | 144,968            |
| Net foreign exchange movement                                                            | (4,308)                                  | (2,983)            |
| <b>Cash and cash equivalents at the end of the period (note 14)</b>                      | <b>313,564</b>                           | <b>246,542</b>     |

For the purpose of consolidated statement of cashflow, the cash and cash equivalents are before the allowance for impairment as per IFRS 9 as disclosed in note 14.

During the three month period ended 31 March 2021, the principal non-cash transactions relate to the disposal of the lease liability and right-of-use of asset amounting to AED 736 thousand each.

# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021

## 1 General information

Oman Insurance Company P.S.C., (the "Company") is a public shareholding company, which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai. The Company is registered under the UAE Federal Law No. (2) of 2015 relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of the Central Bank of United Arab Emirates ("CBUAE") (formerly, UAE Insurance Authority ("IA")) under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C. and its subsidiaries (note 3.3). The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

Federal Decree Law No. (26) of 2020 which amends certain provisions of Federal Law No. (2) of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021, however, some of the amended articles refer to further executive regulations to be issued. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

Federal Decree Law No. (24) of 2020 which amends certain provisions of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the UAE Central Bank.

The licensed activities of the Company are issuing short term and long-term insurance contracts and trading in securities. The insurance contracts are issued in connection with property, engineering, energy, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products. The Company also operates in Sultanate of Oman, State of Qatar, Kingdom of Bahrain and Republic of Turkey.

## 2 Application of new and revised International Financial Reporting Standards ("IFRS")

### 2.1 New and revised IFRSs and interpretations applied on the condensed consolidated interim financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

**Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (Effective date 1 June 2020)** - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

### 2.2 New and revised IFRS in issued but not yet effective and not early adopted

**Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (Effective date 1 January 2022)** - Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

#### 2.2 New and revised IFRS in issued but not yet effective and not early adopted (continued)

**Amendments to IAS 1, 'Presentation of financial statements' – Classification of liabilities as current or non-current (Effective date 1 January 2022)** - These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (Effective date 1 January 2023)** - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

**IFRS 17, 'Insurance contracts' (Effective date 1 January 2023)** - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

**Amendments to IFRS 17, 'Insurance Contracts' (Effective date 1 January 2023)** - The IASB issued the amendments to IFRS 17, 'Insurance contracts', on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB's targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17.

IFRS 17 should be applied to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted, and the amendments should be applied at the same time.

Management expects that the adoption of IFRS 17 will have an impact on the amounts reported and disclosures made in these consolidated financial statements in respect of its insurance contracts issued and reinsurance contracts held. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review post the design phase of implementation which is in progress.

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on or after 1 January 2022 that would be expected to have a material impact on this condensed consolidated interim financial information.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies

#### 3.1 Basis of preparation

This condensed consolidated interim financial information for the three month period ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board ("IASB") and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information is presented in Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") except when otherwise indicated.

This condensed consolidated interim financial information has been prepared on the historical cost basis, except for the revaluation of financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and investment properties.

The Group's condensed consolidated interim financial information is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayments and other receivables, reinsurance deposits retained and insurance and reinsurance payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, investment properties, goodwill, deferred tax assets and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): financial investments, deferred acquisition costs, deferred commission income, reinsurance contract assets, insurance contract liabilities, other payables, insurance and reinsurance receivables, deposits with banks with original maturities of more than three months and employees' end of service benefits.

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2020. In addition, results for the three month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

#### 3.2 Significant accounting policies

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended 31 December 2020.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment properties, property and equipment and financial assets have been disclosed in this condensed consolidated interim financial information (notes 3.4 to 3.6).

#### 3.3 Basis of consolidation

The condensed consolidated interim financial information of Oman Insurance Company P.S.C. and its subsidiaries (the "Group") incorporate the financial information of the Company and the entities controlled by the Company (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.3 Basis of consolidation (continued)

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### *Changes in ownership interests*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The table below represents the legal ownership of subsidiaries as at 31 March 2021 and 31 December 2020:

| Name of subsidiary                                                 | Place of incorporation and operation | Proportion of legal ownership interest | Proportion of voting power held | Principal activity                                            |
|--------------------------------------------------------------------|--------------------------------------|----------------------------------------|---------------------------------|---------------------------------------------------------------|
| Equator Insurance Agency L.L.C.*                                   | Dubai - U.A.E.                       | 99.97%                                 | 100%                            | Insurance agency.                                             |
| Dubai Sigorta A.Ş. (Formally known as Dubai Starr Sigorta A.Ş.) ** | Istanbul – Turkey                    | 100%                                   | 100%                            | Issuing short-term and long-term insurance contracts.         |
| ITACO Bahrain Co W.L.L***                                          | Manama – Kingdom of Bahrain          | 60%                                    | 60%                             | Brokerage and call center services.                           |
| Synergize Services FZ L.L.C****                                    | Dubai - UAE.                         | 100%                                   | 100%                            | Management information technology and transaction processing. |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.3 Basis of consolidation (continued)

\* The Company holds the remaining equity in Equator Insurance Agency L.L.C, beneficially through nominee arrangements.

\*\* Dubai Sigorta A. Ş. was founded in 2012 and major lines of business include the underwriting of accident and health insurance. On 28 July 2020, Oman Insurance Company (P.S.C.) has completed 100% acquisition of its subsidiary, Dubai Sigorta A.Ş. by acquiring an additional 49% of the issued and outstanding share capital for a cash consideration of AED 21,005 thousand. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interest in Dubai Sigorta A.Ş. was AED 21,005 thousand. The Group recognised a decrease in non-controlling interest of AED 21,005 thousand and there was no impact on equity attributable to owners of the Company.

\*\*\* ITACO Bahrain Co W.L.L was acquired by the Company on 16 September 2015.

\*\*\*\* Synergize Services FZ L.L.C was incorporated on 24 January 2014 in Dubai Outsource Zone, UAE and is engaged in the business of providing management information technology and transaction processing services.

#### 3.4 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property.

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 profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of 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 condensed consolidated interim income statement in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. 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 Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

#### 3.5 Property and equipment

Capital work in progress is carried at cost, less any recognised impairment loss. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Other property and equipment are stated at cost less accumulated depreciation and any identified accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the condensed consolidated interim income statement during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.



## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.5 Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the condensed consolidated interim income statement.

The useful lives considered in the calculation of depreciation for the assets are as follows:

|                         | Years |
|-------------------------|-------|
| Furniture and equipment | 3 - 5 |
| Motor vehicles          | 5     |

#### 3.6 Financial assets

##### (a) Investments and other financial assets

##### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented in 'Interest income from financial assets at amortised cost' in the condensed consolidated interim income statement. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Realised gains/(losses) on sale of financial investments at amortised cost' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the condensed consolidated interim income statement.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.6 Financial assets (continued)

##### (a) Investments and other financial assets (continued)

##### (iii) Measurement (continued)

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the condensed consolidated interim income statement and is presented net within 'Net investment income' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'Net investment income' when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

##### (iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model.

For insurance and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the historical credit losses experienced.

Insurance and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The impairment charge for debt investments at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

##### (b) Insurance and other receivables

Insurance and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the insurance and other receivables with the objective to collect the contractual cash flows.



## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.6 Financial assets (continued)

##### (c) Cash and cash equivalents

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

##### (d) Deposits with banks with original maturities of more than three months

Deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost. Deposits held with banks are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

The below table summarises the staging for financial assets using general approach:

|                                                                       | At 31 March 2021 (Unaudited) |                    |                  | At 31 December 2020 (Audited) |                    |                  |
|-----------------------------------------------------------------------|------------------------------|--------------------|------------------|-------------------------------|--------------------|------------------|
|                                                                       | Stage 1<br>AED'000           | Stage 3<br>AED'000 | Total<br>AED'000 | Stage 1<br>AED'000            | Stage 3<br>AED'000 | Total<br>AED'000 |
| Financial investments at amortised cost                               | 1,683,387                    | 2,205              | 1,685,592        | 1,680,991                     | 2,205              | 1,683,196        |
| Allowance for impairment                                              | (1,656)                      | (2,205)            | (3,861)          | (1,753)                       | (2,205)            | (3,958)          |
| Cash and cash equivalents, deposits with banks and statutory deposits | 895,847                      | -                  | 895,847          | 830,340                       | -                  | 830,340          |
| Allowance for impairment                                              | (1,876)                      | -                  | (1,876)          | (777)                         | -                  | (777)            |

### 4 Critical accounting judgements and key sources of estimation of uncertainty

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

### 5 Risk management

The Group's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements as at and for the year ended 31 December 2020. There have been no changes in any risk management policies since the year end. The Group is in compliance with the applicable solvency and capital requirements issued by the CBUAE (formerly, IA).

#### Impact of COVID-19

The World Health Organization ("WHO") declared novel coronavirus (COVID-19) in March 2020 a global pandemic. Rapid spread of COVID-19 across the globe caused disruptions to businesses and economic activity. The Group assessed the impact of Covid-19 on business continuity, claims and reserving, control environment, credit risk, fair value of investment properties impairment of financial investments measured at amortised cost, liquidity and solvency.

The Group has enabled remote connectivity for 95% of its employees as part of its business continuity management initiative to ensure that there is no interruption to client servicing and operations. This has resulted in the Group delivering service level commitments to its customers across multiple lines of business.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 5 Risk management (continued)

#### *Impact of COVID-19 (continued)*

The Group mainly noticed increase in health care claims and development in existing Business Interruption claims due to COVID-19. The Group is monitoring the loss experience and has appropriately calculated its technical reserves as at 31 March 2021. The impact on life insurance was minimal as this point.

Since 2019, the Group has developed a robust risk appetite framework and capital thresholds based on the pandemic risk and other risks stress scenarios. Having considered the impact of COVID-19, the Group conducts more regular reviews on its reinsurers in relation to the counterparty credit ratings, financial metrics, credit outlook and changes to their structures, if any. Also, the Group has updated its reinsurer security list in order to address the impact of COVID-19. The current security list has more than 92% of "A" rated reinsurance securities.

In parallel, the Group continues to have a robust collection and credit control process. Further enhancement and development to strengthen the processes and credit controls have resulted in an efficient receivable management and reduced the credit cycle. Hence, despite the uncertain economic conditions, the Group continued to have robust collections throughout the period. Also, the measures taken above have contributed to minimise the impact on the impairment provision recognised during the period.

Similarly, the Group's investment portfolio measured at amortised cost has been assessed using a robust ECL model with updated inputs as of the reporting date and based on the results, the Group had taken adequate provisions for impairment losses. These are not material as at 31 March 2021.

The Group performed a detailed valuation for its investment properties as of 31 December 2020 by internationally qualified valuation firms who apply RICS Valuation Global Standards in compliance with the UAE Financial Regulations for Insurance Companies issued by the CBUAE (formerly, IA). The Group also assessed the unquoted equity portfolio against latest available inputs. Accordingly, the Group believes the fair values reported for both unquoted investments and investment properties reflect the current market conditions as of 31 March 2021.

The liquidity position of the Group remains strong. Furthermore, the Group has carried out stress testing to assess the resilience of its solvency compliance, which also remains strong after considering the impact of the shocks. As the situation continues to develop, the Group will continue to monitor the situation closely and take the necessary actions.

### 6 Financial investments

The Group's financial investments at the end of reporting period are detailed below.

|                                                  | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|--------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| At fair value through profit or loss             | 422,961                                        | 394,008                                         |
| At fair value through other comprehensive income | 495,716                                        | 443,194                                         |
| Measured at amortised cost                       | 1,685,592                                      | 1,683,196                                       |
| Less: Allowance for impairment as per IFRS 9     | (3,861)                                        | (3,958)                                         |
|                                                  | <u>2,600,408</u>                               | <u>2,516,440</u>                                |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 6 Financial investments (continued)

The movements in financial investments were as follows:

|                               | Fair value<br>through<br>profit or loss<br>AED '000 | Fair value<br>through OCI<br>AED '000 | Amortised<br>cost<br>AED '000 | Total<br>AED '000 |
|-------------------------------|-----------------------------------------------------|---------------------------------------|-------------------------------|-------------------|
| At 1 January 2020 (Audited)   | 377,639                                             | 474,376                               | 1,628,211                     | 2,480,226         |
| Purchases                     | 124,899                                             | 120,981                               | 408,640                       | 654,520           |
| Disposals                     | (192,344)                                           | (143,273)                             | (206,503)                     | (542,120)         |
| Maturities                    | -                                                   | -                                     | (146,329)                     | (146,329)         |
| Amortisation                  | -                                                   | -                                     | (5,401)                       | (5,401)           |
| Movement in accrued interest  | -                                                   | -                                     | 548                           | 548               |
| Changes in fair value         | 83,814                                              | (8,890)                               | -                             | 74,924            |
| Release of impairment         | -                                                   | -                                     | 72                            | 72                |
| At 31 December 2020 (Audited) | 394,008                                             | 443,194                               | 1,679,238                     | 2,516,440         |
| Purchases                     | 70,525                                              | 84,877                                | 32,116                        | 187,518           |
| Disposals                     | (41,933)                                            | (49,273)                              | -                             | (91,206)          |
| Maturities                    | -                                                   | -                                     | (30,518)                      | (30,518)          |
| Amortisation                  | -                                                   | -                                     | (1,998)                       | (1,998)           |
| Movement in accrued interest  | -                                                   | -                                     | 2,796                         | 2,796             |
| Changes in fair value         | 361                                                 | 16,918                                | -                             | 17,279            |
| Release of impairment         | -                                                   | -                                     | 97                            | 97                |
| At 31 March 2021 (Unaudited)  | 422,961                                             | 495,716                               | 1,681,731                     | 2,600,408         |

There were no reclassifications between financial investments' categories during the period.

### 7 Insurance contract liabilities and reinsurance contract assets

|                                                       | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|-------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| <b>Insurance contract liabilities</b>                 |                                                |                                                 |
| Outstanding claims                                    | 2,250,393                                      | 2,295,448                                       |
| Incurred but not reported claims reserve ("IBNR")     | 593,597                                        | 601,209                                         |
| Life assurance fund                                   | 128,217                                        | 133,755                                         |
| Unearned premiums                                     | 1,463,617                                      | 1,295,244                                       |
| Unit linked liabilities                               | 404,307                                        | 391,701                                         |
| Unallocated loss adjustment expenses reserve ("ULAE") | 7,607                                          | 7,642                                           |
|                                                       | <b>4,847,738</b>                               | <b>4,724,999</b>                                |
| <b>Recoverable from re-insurers</b>                   |                                                |                                                 |
| Outstanding claims                                    | (1,776,763)                                    | (1,838,783)                                     |
| Incurred but not reported claims reserve ("IBNR")     | (315,641)                                      | (321,632)                                       |
| Life assurance fund                                   | (24,438)                                       | (24,981)                                        |
| Unearned premiums                                     | (767,921)                                      | (683,744)                                       |
|                                                       | <b>(2,884,763)</b>                             | <b>(2,869,140)</b>                              |
| <b>Insurance contract liabilities - net</b>           |                                                |                                                 |
| Outstanding claims                                    | 473,630                                        | 456,665                                         |
| Incurred but not reported claims reserve ("IBNR")     | 277,956                                        | 279,577                                         |
| Life assurance fund                                   | 103,779                                        | 108,774                                         |
| Unearned premiums                                     | 695,696                                        | 611,500                                         |
| Unit linked liabilities                               | 404,307                                        | 391,701                                         |
| Unallocated loss adjustment expenses reserve ("ULAE") | 7,607                                          | 7,642                                           |
|                                                       | <b>1,962,975</b>                               | <b>1,855,859</b>                                |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 7 Insurance contract liabilities and reinsurance contract assets (continued)

The gross and net insurance contract liabilities of AED 4,847,738 thousand and AED 1,962,975 thousand respectively as at 31 March 2021 (31 December 2020: AED 4,724,999 thousand and AED 1,855,859 thousand respectively) were certified by the Group's external actuary. The actuarial valuation methodologies used in this condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statement for the year ended 31 December 2020.

### 8 Insurance and reinsurance receivables

|                                                    | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|----------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Due from policyholders and brokers                 | 579,116                                        | 481,652                                         |
| Less: allowance for impairment                     | (188,615)                                      | (191,133)                                       |
| Net due from policyholders and brokers             | 390,501                                        | 290,519                                         |
| Due from insurance/reinsurance companies           | 479,972                                        | 506,592                                         |
| Less: allowance for impairment                     | (231,020)                                      | (223,048)                                       |
| Net due from insurance/reinsurance companies       | 248,952                                        | 283,544                                         |
| <b>Total insurance and reinsurance receivables</b> | <b>639,453</b>                                 | <b>574,063</b>                                  |

#### 8.1 Insurance and reinsurance receivables by location

##### Inside UAE

|                                                               | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|---------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Due from policyholders and brokers                            | 479,600                                        | 387,447                                         |
| Less: allowance for impairment                                | (152,986)                                      | (155,580)                                       |
| Net due from policyholders and brokers                        | 326,614                                        | 231,867                                         |
| Due from insurance/reinsurance companies                      | 422,265                                        | 451,286                                         |
| Less: allowance for impairment                                | (207,824)                                      | (203,486)                                       |
| Net due from insurance/reinsurance companies                  | 214,441                                        | 247,800                                         |
| <b>Total insurance and reinsurance receivables inside UAE</b> | <b>541,055</b>                                 | <b>479,667</b>                                  |

##### Outside UAE

|                                                                | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|----------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Due from policyholders and brokers                             | 99,516                                         | 94,205                                          |
| Less: allowance for impairment                                 | (35,629)                                       | (35,553)                                        |
| Net due from policyholders and brokers                         | 63,887                                         | 58,652                                          |
| Due from insurance/reinsurance companies                       | 57,707                                         | 55,306                                          |
| Less: allowance for impairment                                 | (23,196)                                       | (19,562)                                        |
| Net due from insurance/reinsurance companies                   | 34,511                                         | 35,744                                          |
| <b>Total insurance and reinsurance receivables outside UAE</b> | <b>98,398</b>                                  | <b>94,396</b>                                   |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 8 Insurance and reinsurance receivables (continued)

#### 8.2 Movement in the allowance for impairment

|                                                             | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|-------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Opening impairment provision as at 1 January under IFRS 9   | 414,181                                        | 441,071                                         |
| Allowance for impairment as per IFRS 9 for the period/year  | 7,721                                          | 13,441                                          |
| Amounts written off as uncollectible during the period/year | (1,712)                                        | (39,771)                                        |
| Foreign currency exchange movements                         | (555)                                          | (560)                                           |
| <b>Balance at end of the period/year</b>                    | <b>419,635</b>                                 | <b>414,181</b>                                  |

### 9 Prepayments and other receivables

|                                              | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|----------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Accrued income                               | 2,491                                          | 3,427                                           |
| Prepayments                                  | 36,065                                         | 24,213                                          |
| Staff debtors and allowances                 | 6,337                                          | 6,658                                           |
| Other receivables                            | 65,782                                         | 62,347                                          |
| Less: allowance for impairment as per IFRS 9 | (16,797)                                       | (16,797)                                        |
|                                              | <b>93,878</b>                                  | <b>79,848</b>                                   |

### 10 Share capital

|                                                                                                                            | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Authorised, issued and fully paid 461,872,125 shares of AED 1 each<br>(31 December 2020: 461,872,125 shares of AED 1 each) | <b>461,872</b>                                 | <b>461,872</b>                                  |

### 11 Other reserves

|                                                 | Statutory<br>reserve<br>AED '000 | Strategic<br>reserve<br>AED '000 | General<br>reserve<br>AED '000 | Contingency<br>reserve<br>AED '000 | Regulatory<br>reserve<br>AED '000 | Total<br>AED '000 |
|-------------------------------------------------|----------------------------------|----------------------------------|--------------------------------|------------------------------------|-----------------------------------|-------------------|
| Balance at 31 December 2020<br>(Audited)        | 230,936                          | 303,750                          | 933,051                        | 15,317                             | 344                               | 1,483,398         |
| Transfer from retained earnings                 | -                                | -                                | -                              | -                                  | 2,258                             | 2,258             |
| <b>Balance at 31 March 2021<br/>(Unaudited)</b> | <b>230,936</b>                   | <b>303,750</b>                   | <b>933,051</b>                 | <b>15,317</b>                      | <b>2,602</b>                      | <b>1,485,656</b>  |
|                                                 | Statutory<br>reserve<br>AED '000 | Strategic<br>reserve<br>AED '000 | General<br>reserve<br>AED '000 | Contingency<br>reserve<br>AED '000 |                                   | Total<br>AED '000 |
| Balance at 31 December 2019 (Audited)           | 230,936                          | 303,750                          | 808,051                        | 13,947                             |                                   | 1,356,684         |
| Transfer from retained earnings*                | -                                | -                                | 125,000                        | -                                  |                                   | 125,000           |
| <b>Balance at 31 March 2020 (Unaudited)</b>     | <b>230,936</b>                   | <b>303,750</b>                   | <b>933,051</b>                 | <b>13,947</b>                      |                                   | <b>1,481,684</b>  |

\* At the Annual General Meeting held on 9 March 2020, the shareholders approved to transfer AED 125 million from retained earnings to general reserve.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 12 Insurance and reinsurance payables

|                                  | At 31 March<br>2021<br>(Unaudited)<br>AED '000           | At 31 December<br>2020<br>(Audited)<br>AED '000           |
|----------------------------------|----------------------------------------------------------|-----------------------------------------------------------|
| Payables – Inside UAE            | 307,959                                                  | 284,420                                                   |
| Payables – Outside UAE           | 95,499                                                   | 87,165                                                    |
|                                  | <b>403,458</b>                                           | <b>371,585</b>                                            |
| <b>Inside UAE</b>                | <b>At 31 March<br/>2021<br/>(Unaudited)<br/>AED '000</b> | <b>At 31 December<br/>2020<br/>(Audited)<br/>AED '000</b> |
| Due to policyholders and brokers | 72,558                                                   | 81,081                                                    |
| Due to insurance companies       | 3,475                                                    | 2,733                                                     |
| Due to reinsurance companies     | 202,142                                                  | 184,204                                                   |
| Premiums collected in advance    | 256                                                      | 256                                                       |
| Other insurance payables         | 29,528                                                   | 16,146                                                    |
|                                  | <b>307,959</b>                                           | <b>284,420</b>                                            |
| <b>Outside UAE</b>               | <b>At 31 March<br/>2021<br/>(Unaudited)<br/>AED '000</b> | <b>At 31 December<br/>2020<br/>(Audited)<br/>AED '000</b> |
| Due to policyholders and brokers | 66,780                                                   | 56,750                                                    |
| Due to insurance companies       | 734                                                      | 899                                                       |
| Due to reinsurance companies     | 22,315                                                   | 21,014                                                    |
| Premiums collected in advance    | 2,371                                                    | 4,157                                                     |
| Other insurance payables         | 3,299                                                    | 4,345                                                     |
|                                  | <b>95,499</b>                                            | <b>87,165</b>                                             |

### 13 Earnings per share

|                                                                            | <b>Three month period ended 31 March</b> |                    |
|----------------------------------------------------------------------------|------------------------------------------|--------------------|
|                                                                            | <b>2021</b>                              | <b>2020</b>        |
|                                                                            | <b>(Unaudited)</b>                       | <b>(Unaudited)</b> |
| Profit for the period attributable to the owners of the Company (AED '000) | 60,300                                   | 55,242             |
| Weighted average number of shares                                          | 461,872,125                              | 461,872,125        |
| Basic and diluted earnings per share (AED)                                 | 0.13                                     | 0.12               |

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 14 Cash and cash equivalents

|                                                                                         | Three month period ended 31 March |                                 |
|-----------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|
|                                                                                         | 2021<br>(Unaudited)<br>AED '000   | 2020<br>(Unaudited)<br>AED '000 |
| Deposits with banks maturing within three months                                        | 167,463                           | 62,835                          |
| Current accounts and cash                                                               | 146,101                           | 183,707                         |
| <b>Cash and cash equivalents for the purpose of consolidated statement of cashflows</b> | <b>313,564</b>                    | <b>246,542</b>                  |
| Less: allowance for impairment as per IFRS 9                                            | (1,876)                           | (1,347)                         |
| <b>Cash and cash equivalents</b>                                                        | <b>311,688</b>                    | <b>245,195</b>                  |

### 15 Related party balances and transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

#### 15.1 Balances with related parties included in the condensed consolidated interim statement of financial position are as follows:

|                                                                                                          | At 31 March<br>2021<br>(Unaudited)<br>AED'000 | At 31 December<br>2020<br>(Audited)<br>AED'000 |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------|
| <i>Balances with a Major shareholder:</i>                                                                |                                               |                                                |
| Cash and cash equivalents                                                                                | 115,039                                       | 85,186                                         |
| Financial investments                                                                                    | 53,706                                        | 57,477                                         |
| Statutory deposits                                                                                       | 10,000                                        | 10,000                                         |
| <i>Due from/(to) a Major shareholder:</i>                                                                |                                               |                                                |
| Net insurance receivables                                                                                | 819                                           | 2,726                                          |
| Net insurance and other payables                                                                         | (959)                                         | (4,932)                                        |
| <i>Due from/(to) Directors and businesses over which they exercise significant management influence:</i> |                                               |                                                |
| Net insurance receivables                                                                                | 10,824                                        | 19,637                                         |
| Net insurance and other payables                                                                         | (1,631)                                       | (2,191)                                        |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 15 Related party balances and transactions (continued)

#### 15.2 Transactions with related parties:

|                                                                                                                                               | Three month period ended 31 March |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------|
|                                                                                                                                               | 2021                              | 2020        |
|                                                                                                                                               | (Unaudited)                       | (Unaudited) |
|                                                                                                                                               | AED '000                          | AED '000    |
| <i>Transactions arising from insurance contracts with a Major shareholder:</i>                                                                |                                   |             |
| Gross insurance premiums                                                                                                                      | 7,629                             | 5,414       |
| Gross claims settled                                                                                                                          | 17,742                            | 14,382      |
| <i>Other transactions with a Major shareholder:</i>                                                                                           |                                   |             |
| Interest income                                                                                                                               | 103                               | 85          |
| Dividend income                                                                                                                               | -                                 | 2,144       |
| Other expenses                                                                                                                                | 865                               | 859         |
| Rental expense                                                                                                                                | 1,686                             | 793         |
| <i>Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:</i> |                                   |             |
| Gross insurance premiums                                                                                                                      | 3,535                             | 1,035       |
| Gross claims settled                                                                                                                          | 5,552                             | 5,432       |
| <i>Other transactions with Directors and businesses over which they exercise significant management influence:</i>                            |                                   |             |
| Other investment expenses                                                                                                                     | 1,431                             | 1,398       |

The Group has entered the above transactions with the related parties which were made on substantially the same terms as those prevailing at the same time for the comparable transactions with third parties.

#### 15.3 Compensation of key management personnel

|                         | Three month period ended 31 March |             |
|-------------------------|-----------------------------------|-------------|
|                         | 2021                              | 2020        |
|                         | (Unaudited)                       | (Unaudited) |
|                         | AED '000                          | AED '000    |
| Directors' fees         | (562)                             | (562)       |
| Salaries and benefits   | (1,387)                           | (1,386)     |
| End of service benefits | (382)                             | (286)       |
|                         | (2,331)                           | (2,234)     |

### 16 Contingent liabilities

At 31 March 2021, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 84 million (31 December 2020: AED 86 million).

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Group's condensed consolidated interim financial performance or condensed consolidated interim financial position.



## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 17 Commitments

|                                                                                          | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Commitments in respect of uncalled subscription of equities held as investments          | 7,960                                          | 7,960                                           |
| Capital commitments towards acquisitions of property and equipment and intangible assets | 6,019                                          | 10,064                                          |

### 18 Location of assets

Geographical locations of assets are disclosed below:

|                                         | At 31 March 2021 (Unaudited) |                            |                   | At 31 December 2020 (Audited) |                            |                   |
|-----------------------------------------|------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
|                                         | Inside UAE<br>AED '000       | Outside<br>UAE<br>AED '000 | Total<br>AED '000 | Inside UAE<br>AED '000        | Outside<br>UAE<br>AED '000 | Total<br>AED '000 |
| Property and equipment                  | 48,526                       | 2,939                      | 51,465            | 47,104                        | 1,500                      | 48,604            |
| Investment properties                   | 449,715                      | -                          | 449,715           | 449,715                       | -                          | 449,715           |
| Statutory deposits                      | 45,287                       | 126,901                    | 172,188           | 45,295                        | 126,687                    | 171,982           |
| Financial investments at FVTOCI         | 286,953                      | 208,763                    | 495,716           | 272,624                       | 170,570                    | 443,194           |
| Financial investments at FVTPL          | 6,896                        | 416,065                    | 422,961           | 7,228                         | 386,780                    | 394,008           |
| Financial investments at amortised cost | 956,697                      | 725,034                    | 1,681,731         | 974,899                       | 704,339                    | 1,679,238         |
| Bank balances, deposits and cash        | 589,443                      | 132,340                    | 721,783           | 443,955                       | 213,626                    | 657,581           |
|                                         | <u>2,383,517</u>             | <u>1,612,042</u>           | <u>3,995,559</u>  | <u>2,240,820</u>              | <u>1,603,502</u>           | <u>3,844,322</u>  |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 19 Segment information

For management purposes, the Group is organised into three business segments: general insurance, life assurance including medical and investments. The general insurance segment comprises property, engineering, energy, motor, general accident, aviation and marine risks. The life assurance segment includes individual life (participating and non-participating), medical, group life and personal accident as well as investment linked products. Investment comprises of investments (financial and non-financial) excluding unit linked investments.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker.

#### 19.1 Segment premium and results by operating segments

|                                                                                                | Three month period ended 31 March (Unaudited) |                  |                            |                  |                  |                  |
|------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------|----------------------------|------------------|------------------|------------------|
|                                                                                                | General insurance                             |                  | Life assurance and medical |                  | Total            |                  |
|                                                                                                | 2021<br>AED '000                              | 2020<br>AED '000 | 2021<br>AED '000           | 2020<br>AED '000 | 2021<br>AED '000 | 2020<br>AED '000 |
| Gross insurance premiums                                                                       | 441,458                                       | 484,823          | 571,736                    | 576,236          | 1,013,194        | 1,061,059        |
| Net underwriting income                                                                        | 64,016                                        | 43,523           | 49,587                     | 59,240           | 113,603          | 102,763          |
| Net investment income                                                                          |                                               |                  | 32,602                     |                  | 32,602           | 31,806           |
| General and administrative expenses                                                            |                                               |                  | (70,606)                   |                  | (70,606)         | (69,408)         |
| Board of directors' remuneration                                                               |                                               |                  | (562)                      |                  | (562)            | (562)            |
| (Allowance) for / release of impairment as per IFRS 9 on insurance and reinsurance receivables |                                               |                  | (7,721)                    |                  | (7,721)          | 1,490            |
| Other expenses - net                                                                           |                                               |                  | (5,661)                    |                  | (5,661)          | (9,699)          |
| <b>Profit before tax</b>                                                                       |                                               |                  | 61,655                     |                  | 61,655           | 56,390           |
| Income tax expenses                                                                            |                                               |                  | (1,492)                    |                  | (1,492)          | (314)            |
| <b>Profit for the period</b>                                                                   |                                               |                  | 60,163                     |                  | 60,163           | 56,076           |
| <b>Attributable to:</b>                                                                        |                                               |                  |                            |                  |                  |                  |
| Owners of the Company                                                                          |                                               |                  | 60,300                     |                  | 60,300           | 55,242           |
| Non-controlling interests                                                                      |                                               |                  | (137)                      |                  | (137)            | 834              |
| <b>Profit for the period</b>                                                                   |                                               |                  | 60,163                     |                  | 60,163           | 56,076           |

# OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

## 19 Segment information (continued)

### 19.2 Segment results by geographical distribution

|                                                                                                | Three month period ended 31 March (Unaudited) |                  |                  |                  |                  |                  |
|------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|
|                                                                                                | GCC                                           |                  | Turkey           |                  | Total            |                  |
|                                                                                                | 2021<br>AED '000                              | 2020<br>AED '000 | 2021<br>AED '000 | 2020<br>AED '000 | 2021<br>AED '000 | 2020<br>AED '000 |
| Gross insurance premium                                                                        | 958,331                                       | 1,000,372        | 54,863           | 60,687           | 1,013,194        | 1,061,059        |
| Net underwriting income                                                                        | 111,877                                       | 98,179           | 1,726            | 4,584            | 113,603          | 102,763          |
| Net investment income                                                                          | 28,861                                        | 30,950           | 3,741            | 856              | 32,602           | 31,806           |
| General and administrative expenses                                                            | (66,921)                                      | (64,782)         | (3,685)          | (4,626)          | (70,606)         | (69,408)         |
| Board of directors' remuneration                                                               | (562)                                         | (562)            | -                | -                | (562)            | (562)            |
| (Allowance) for / release of impairment as per IFRS 9 on insurance and reinsurance receivables | (7,721)                                       | 1,490            | -                | -                | (7,721)          | 1,490            |
| Other expenses – net                                                                           | (6,920)                                       | (11,972)         | 1,259            | 2,273            | (5,661)          | (9,699)          |
| <b>Profit before tax</b>                                                                       | <b>58,614</b>                                 | <b>53,303</b>    | <b>3,041</b>     | <b>3,087</b>     | <b>61,655</b>    | <b>56,390</b>    |
| Income tax expenses                                                                            | (437)                                         | -                | (1,055)          | (314)            | (1,492)          | (314)            |
| <b>Profit for the period</b>                                                                   | <b>58,177</b>                                 | <b>53,303</b>    | <b>1,986</b>     | <b>2,773</b>     | <b>60,163</b>    | <b>56,076</b>    |
| <b>Attributable to:</b>                                                                        |                                               |                  |                  |                  |                  |                  |
| Owners of the Company                                                                          | 58,314                                        | 53,828           | 1,986            | 1,414            | 60,300           | 55,242           |
| Non-controlling interests                                                                      | (137)                                         | (525)            | -                | 1,359            | (137)            | 834              |
| <b>Profit for the period</b>                                                                   | <b>58,177</b>                                 | <b>53,303</b>    | <b>1,986</b>     | <b>2,773</b>     | <b>60,163</b>    | <b>56,076</b>    |

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 19 Segment information (continued)

#### 19.3 Segment assets and liabilities by operating segments

At 31 March 2021 (Unaudited)

|                     | General<br>insurance<br>AED' 000 | Life assurance<br>and medical<br>AED' 000 | Investments<br>AED' 000 | Total<br>AED' 000 |
|---------------------|----------------------------------|-------------------------------------------|-------------------------|-------------------|
| Segment assets      | <u>3,352,574</u>                 | <u>1,878,505</u>                          | <u>2,646,033</u>        | <u>7,877,112</u>  |
| Segment liabilities | <u>3,441,150</u>                 | <u>2,292,136</u>                          | <u>-</u>                | <u>5,733,286</u>  |

At 31 December 2020 (Audited)

|                     | General<br>insurance<br>AED' 000 | Life assurance<br>and medical<br>AED' 000 | Investments<br>AED' 000 | Total<br>AED' 000 |
|---------------------|----------------------------------|-------------------------------------------|-------------------------|-------------------|
| Segment assets      | <u>3,286,495</u>                 | <u>1,746,744</u>                          | <u>2,574,671</u>        | <u>7,607,910</u>  |
| Segment liabilities | <u>3,388,019</u>                 | <u>2,148,121</u>                          | <u>-</u>                | <u>5,536,140</u>  |

#### 19.4 Geographical information of segment assets and liabilities

At 31 March 2021 (Unaudited)

|                     | GCC<br>AED '000  | Turkey<br>AED '000 | Total<br>AED '000 |
|---------------------|------------------|--------------------|-------------------|
| Segment assets      | <u>7,576,388</u> | <u>300,724</u>     | <u>7,877,112</u>  |
| Segment liabilities | <u>5,472,158</u> | <u>261,128</u>     | <u>5,733,286</u>  |

At 31 December 2020 (Audited)

|                     | GCC<br>AED '000  | Turkey<br>AED '000 | Total<br>AED '000 |
|---------------------|------------------|--------------------|-------------------|
| Segment assets      | <u>7,326,292</u> | <u>281,618</u>     | <u>7,607,910</u>  |
| Segment liabilities | <u>5,296,501</u> | <u>239,639</u>     | <u>5,536,140</u>  |

### 20 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### 20.1 Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial information approximate their fair values except for financial investments measured at amortised cost of which fair value is determined based on the quoted market prices and disclosed in note 20.2.2 of this condensed consolidated interim financial information.

#### 20.2 Fair value of financial items carried at fair value

##### 20.2.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2020.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

20 Fair value measurements (continued)

20.2 Fair value of financial items carried at fair value (continued)

20.2.2 Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

| Financial assets                           | Fair value as at    |                   | Valuation techniques and key inputs | Significant unobservable input                                     | Relationship of unobservable inputs to fair value                                                   |
|--------------------------------------------|---------------------|-------------------|-------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
|                                            | 31 March 2021       | 31 December 2020  |                                     |                                                                    |                                                                                                     |
|                                            | AED'000 (Unaudited) | AED'000 (Audited) | Fair value hierarchy                |                                                                    |                                                                                                     |
| <b>Financial assets measured at FVTPL</b>  |                     |                   |                                     |                                                                    |                                                                                                     |
| Unit linked investments                    | 404,090             | 391,484           | Level 2                             | Quoted prices in secondary market                                  | None                                                                                                |
| Quoted equity investments                  | 18,871              | 2,524             | Level 1                             | Quoted bid prices in an active market                              | None                                                                                                |
| <b>Financial assets measured at FVTOCI</b> |                     |                   |                                     |                                                                    |                                                                                                     |
| Quoted equity investments                  | 452,485             | 399,387           | Level 1                             | Quoted bid prices in an active market                              | None                                                                                                |
| Unquoted equity and private equity fund    | 43,231              | 43,807            | Level 3                             | Multiple based approach and net assets as per financial statements | Price to book value multiple                                                                        |
|                                            |                     |                   |                                     |                                                                    | Price to book value multiple for similar companies will directly impact the fair value calculation. |

The fair value of the quoted debt instruments held at amortised cost as at 31 March 2021 amounted to AED 1,736.861 thousand (31 December 2020: AED 1,790,960 thousand).

There were no transfers between levels during the period. There are no financial liabilities which should be categorised under any of the levels in the above table.

## OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2021 (continued)

### 20 Fair value measurements (continued)

#### 20.2 Fair value of financial items carried at fair value (continued)

##### 20.2.3 Reconciliation of level 3 fair value measurement of financial assets measured at FVTOCI

|                                                                | At 31 March<br>2021<br>(Unaudited)<br>AED '000 | At 31 December<br>2020<br>(Audited)<br>AED '000 |
|----------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Balance at the beginning of the period/year                    | 43,807                                         | 53,298                                          |
| Disposals during the period/year                               | (284)                                          | (10,215)                                        |
| Changes in fair value recognised in other comprehensive income | (292)                                          | 724                                             |
| Balance at the end of the period/year                          | <u>43,231</u>                                  | <u>43,807</u>                                   |

### 21 Seasonality of results

Net investment income includes dividend income of AED 7,964 thousand for the three month period ended 31 March 2021 (31 March 2020: AED 14,015 thousand), which is of a seasonal nature.

### 22 Dividends

At the Annual General Meeting held on 21 April 2021, the shareholders approved a cash dividend distribution of 20% amounting to AED 92,374 thousand (AED 20 fils per share) for 2020 (31 March 2020: Nil).

### 23 Other information

The Group established operations in Qatar on 6 January 2008 through an agency agreement entered with a local sponsor valid for an indefinite period. On 25 February 2019, the Qatar Central Bank ("QCB") did not accept the Group's application to open a foreign branch. Accordingly, the Group's management has taken the decision to no longer issue new policies in the State of Qatar. The Group will continue to service the existing policies as per the applicable conditions of the underlying contracts.

### 24 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 10 May 2021.