

**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 2022**

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

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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 2022 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 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
11 May 2022

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 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
	Notes		
Assets			
Property and equipment		47,208	49,407
Intangible assets		79,129	79,123
Investment properties		462,829	462,829
Goodwill		3,241	4,008
Deferred tax assets		4,078	4,586
Statutory deposits		171,125	172,446
Financial investments at amortised cost	6	1,672,779	1,660,273
Financial investments at fair value through other comprehensive income (FVTOCI)	6	671,837	613,386
Financial investments at fair value through profit or loss	6	412,589	446,916
Reinsurance contract assets	7	2,880,492	2,699,966
Deferred acquisition costs		177,923	150,381
Insurance and reinsurance receivables	8	636,647	545,855
Prepayments and other receivables	9	114,099	99,944
Deposits with banks		485,179	359,413
Cash and cash equivalents	14	307,769	216,582
Total assets		8,126,924	7,565,115
Equity and liabilities			
Equity			
Share capital	10	461,872	461,872
Other reserves	11	1,496,842	1,493,743
Cumulative changes in fair value of securities		(105,162)	(166,503)
Foreign currency translation reserve		(83,153)	(75,963)
Retained earnings		564,931	515,709
Total and net equity attributable to the owners of the Company		2,335,330	2,228,858
Liabilities			
Employees' end of service benefits		40,568	39,737
Insurance contract liabilities	7	4,778,587	4,566,602
Deferred commission income		99,569	74,144
Other payables		154,230	157,059
Reinsurance deposits retained		124,029	113,068
Insurance and reinsurance payables	12	594,611	385,647
Total liabilities		5,791,594	5,336,257
Total equity and liabilities		8,126,924	7,565,115

This condensed consolidated interim financial information was approved on 11 May 2022 by the Board of Directors and signed on its behalf by:



Abdul Aziz Abdulla Al Ghurair
Chairman



Jean-Louis Laurent-Josi
Chief Executive Officer

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

Condensed consolidated interim income statement

	Notes	For the three month period ended 31 March	
		2022 (Unaudited) AED '000	2021 (Unaudited) AED '000
Gross insurance premium		1,107,066	1,013,194
Less: Insurance premium ceded to reinsurers		(668,777)	(537,090)
Net retained premium		438,289	476,104
Net change in unearned premium, life assurance fund and unit linked liabilities		(73,006)	(88,120)
Net earned insurance premium		365,283	387,984
Gross claims settled		(499,112)	(527,073)
Insurance claims recovered from reinsurers		269,368	277,967
Net claims settled		(229,744)	(249,106)
Net change in outstanding claims, incurred but not reported claims reserves and unallocated loss adjustment expense reserve		2,792	(15,309)
Net claims incurred		(226,952)	(264,415)
Reinsurance commission income		47,924	67,121
Commission expenses		(78,367)	(88,333)
Other income relating to underwriting activities		7,271	11,246
Net commission and other expenses		(23,172)	(9,966)
Net underwriting income		115,159	113,603
Interest income from financial assets at amortised cost		26,971	23,110
Realised gains on sale of financial investments at amortised cost		24	296
Other investment income - net		7,340	9,196
Net investment income		34,335	32,602
Total income		149,494	146,205
General and administrative expenses		(68,902)	(70,606)
Board of directors' remuneration	15.3	(562)	(562)
Charge for expected credit losses on insurance and reinsurance receivables		(4,423)	(7,721)
Other expenses – net		(7,060)	(5,661)
Profit before tax		68,547	61,655
Income tax expenses		(1,487)	(1,492)
Profit for the period		67,060	60,163
Attributable to:			
Owners of the Company		67,060	60,300
Non-controlling interests		-	(137)
		67,060	60,163
Earnings per share (AED)	13	0.15	0.13

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

Condensed consolidated interim statement of comprehensive income

	Notes	For the three month period ended 31 March	
		2022 (Unaudited) AED '000	2021 (Unaudited) AED '000
Profit for the period		67,060	60,163
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net fair value gains on revaluation of investment designated at FVTOCI		46,602	16,918
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange losses on translation of foreign operations		(7,190)	(5,025)
Total other comprehensive income for the period		39,412	11,893
Total comprehensive income for the period		106,472	72,056
Attributable to:			
Owners of the Company		106,472	72,193
Non-controlling interests		-	(137)
		106,472	72,056

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

Condensed consolidated interim statement of changes in equity

	Share capital AED '000	Other reserves AED '000	Cumulative changes in fair value of securities AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Net equity attributable to the owner of the Company AED '000	Non-controlling interests AED '000	Total equity AED '000
At 1 January 2021 (Audited)	461,872	1,483,398	(236,311)	(55,599)	417,560	2,070,920	850	2,071,770
Profit/(loss) 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	-	-	-
At 31 March 2021 (Unaudited)	461,872	1,485,656	(225,065)	(60,624)	481,274	2,143,113	713	2,143,826
At 31 December 2021 (Audited)	461,872	1,493,743	(166,503)	(75,963)	515,709	2,228,858	-	2,228,858
Profit for the period	-	-	-	-	67,060	67,060	-	67,060
Other comprehensive income/(loss) for the period	-	-	46,602	(7,190)	-	39,412	-	39,412
Total comprehensive income/(loss) for the period	-	-	46,602	(7,190)	67,060	106,472	-	106,472
Transfer to other reserves from retained earnings (note 11)	-	3,099	-	-	(3,099)	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	14,739	-	(14,739)	-	-	-
At 31 March 2022 (Unaudited)	461,872	1,496,842	(105,162)	(83,153)	564,931	2,335,330	-	2,335,330

The notes on pages 8 to 29 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

	For the three month period ended 31 March	
	2022 (Unaudited) AED '000	2021 (Unaudited) AED '000
Cash flows from operating activities		
Profit for the period before tax	68,547	61,655
Adjustments for:		
Depreciation and amortisation	6,427	6,476
Unrealised losses/(gains) on financial investments at FVTPL (excluding unit linked investments)	1,119	(361)
Provision for employees' end of service benefits	1,798	1,296
Charge for expected credit losses on insurance and reinsurance receivables	4,423	7,721
Release of impairment of financial investments at amortised cost	(425)	(97)
Allowance for impairment of bank balances and deposits	166	1,099
Dividend income from financial investments at FVTPL and FVTOCI	(9,421)	(7,964)
Interest income from financial assets	(28,986)	(25,108)
Amortisation of financial assets measured at amortised cost	2,015	1,998
Realised (gains)/losses on sale of financial investments at FVTPL	(144)	47
Realised gains on sale of financial investments at amortised cost	(24)	(296)
Interest expense on lease liability	285	328
Other investment expenses/(income)	3,277	(24)
Rental income from investment properties	(1,913)	(1,896)
Operating cash flows before changes in working capital and payment of employees' end of service benefits and income tax	47,144	44,874
Changes in working capital		
Increase in reinsurance contract assets	(180,526)	(15,623)
Increase in insurance, reinsurance and other receivables	(102,799)	(80,780)
Increase in deferred acquisition costs	(27,542)	(25,759)
Increase in insurance contract liabilities	245,837	110,133
Increase in insurance, reinsurance and other payables	206,067	26,116
Increase in reinsurance deposits retained	10,961	24,064
Increase in deferred commission income	25,425	23,956
Decrease/(increase) in unit linked investments	33,852	(12,606)
(Decrease)/increase in unit linked liabilities	(33,852)	12,606
Net cash generated from operations	224,567	106,981
Employees' end of service benefits paid	(967)	(1,578)
Income tax paid	(1,673)	-
Net cash generated from operating activities	221,927	105,403

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

Condensed consolidated interim statement of cash flows (continued)

	For the three month period ended 31 March	
	2022	2021
	(Unaudited) AED '000	(Unaudited) AED '000
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	(88,817)	(84,877)
Proceeds from sale of financial investments at FVTOCI	76,968	49,273
Purchases of financial investments at FVTPL (excluding unit linked investments)	(1,628)	(19,730)
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)	1,127	3,697
Proceeds from disposals/maturities of financial investments at amortised cost	144,156	30,814
Purchase of financial investments at amortised cost	(155,742)	(32,116)
Dividend received from financial investments at FVTPL and FVTOCI	2,855	1,602
Interest received from deposits and financial investments	26,661	24,437
Rental income received from investment properties	1,908	1,897
Other investment expenses paid	(3,309)	(259)
Purchase of property and equipment and intangible assets	(3,620)	(7,953)
Placements of term deposits with original maturities of more than three months	(157,167)	(107,364)
Maturities of term deposits with original maturities of more than three months	31,241	91,602
Decrease/(increase) in statutory deposits	1,321	(206)
Net cash used in investing activities	(124,046)	(49,183)
Cash flows from financing activities		
Interest element of lease payments	(71)	(29)
Principal element of lease payments	(474)	(219)
Net cash used in financing activities	(545)	(248)
Net increase in cash and cash equivalents	97,336	55,972
Cash and cash equivalents at the beginning of the period	217,118	261,900
Net foreign exchange movement	(5,983)	(4,308)
Cash and cash equivalents at the end of the period (note 14)	308,471	313,564

For the purpose of the condensed consolidated interim statement of cashflows, the cash and cash equivalents are before the allowance for impairment as disclosed in note 14.

During the three month period ended 31 March 2022, the principal non-cash transactions relate to the additions of the lease liability and right of use asset amounting to AED 727 thousand each (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 737 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 2022

1 General information

Oman Insurance Company P.S.C., (the "Company" or "OIC") 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, as amended, 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, as amended, and is registered in the Insurance Companies Register of the Central Bank of the 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.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Company 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.

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 the Sultanate of Oman, State of Qatar, Kingdom of Bahrain (operated till 14 December 2021), England and Wales, the United Kingdom 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 2022, 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 Extension of the practical expedient (effective 1 April 2021) - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

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 2022 (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

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.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (Effective date 1 January 2023) - These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 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 for annual periods beginning on or after 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.

On 28 October 2021, the IASB ('Board') redeliberated the Exposure Draft proposing a narrow-scope amendment relating to the presentation of comparative information on initial application of both IFRS 9, 'Financial Instruments', and IFRS 17, 'Insurance Contracts', considering the feedback from the comment letters received.

The amendment would permit an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17 and IFRS 9. The overlay would allow such assets to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. Following feedback on the proposals, the Board extended the scope of the overlay to include all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. The overlay could also be applied by entities that already apply IFRS 9. The Board issued this amendment to IFRS 17 on 9 December 2021.

Management expects that the adoption of IFRS 17 will have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements in respect of its insurance contracts issued and reinsurance contracts held. However, it is still not practical to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review. The Group is also implementing IFRS 17 calculation solution to ensure the relevant accounting standards adoption.

The majority of the contracts issued by the Group will be eligible for the premium allocation approach measurement model, while for the eligible individual life insurance contracts the general measurement model will be applied.

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 2022 (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', on classification of liabilities (Effective date 1 January 2024) - 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

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.

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 2022 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, investment properties and the provision for employees' end of service benefits which are measured using the projected unit credit method under IAS 19.

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 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 2021. In addition, results for the three month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2022 (continued)

3 Summary of significant accounting policies (continued)

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 2021.

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.

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.

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 2022 (continued)

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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 2022 and 31 December 2021:

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.**	Istanbul – Turkey	100%	100%	Issuing short-term and long-term insurance contracts.
ITACO Bahrain Co W.L.L***	Manama – Kingdom of Bahrain	-	-	Brokerage and call center services.
Synergize Services FZ L.L.C****	Dubai - UAE.	100%	100%	Management information technology and transaction processing.
OIC Corporate Member Limited*****	England and Wales – UK.	100%	100%	To act as a limited liability underwriting member of Lloyd's

* 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 4 March 2022, a share sale and purchase agreement was signed between OIC and VHV Reasürans A.Ş. - Istanbul, Turkey (a company of VHV Group - Hannover, Germany) for OIC to fully sell 100% shareholding in the Group's subsidiary Dubai Sigorta A.Ş., Turkey, subject to the required regulatory approvals. The financial effect of this transaction will be reflected in the condensed consolidated interim financial information once the regulatory approvals are obtained and necessary transaction is completed.

*** ITACO Bahrain Co W.L.L was acquired by the Company on 16 September 2015 and had a holding of 60%. On 14 December 2021, the Company completed the transaction for the sale of its subsidiary, ITACO Bahrain Co W.L.L., based on the terms and conditions in the agreement signed with counterparty dated 27 October 2021 after obtaining approval from the Ministry of Industry, Commerce and Tourism, Bahrain (the Regulator) and subsequently the shares were transferred on 14 December 2021. The effect of this transaction was reflected in the audited consolidated financial statements for the year ended 31 December 2021.

**** 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.

***** On 10 February 2022, OIC's Syndicate 2880 received Lloyd's approval to commence underwriting. Syndicate 2880 was launched under the Syndicate-in-a-box initiative ("SIAB") and will operate on the Lloyd's platform under the Dubai International Financial Centre ("DIFC"). As part of SIAB arrangement, OIC has also incorporated "OIC Corporate Member Limited", a private limited company in England and Wales, United Kingdom as a fully owned subsidiary of Oman Insurance Company P.S.C.

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 2022 (continued)

3 Summary of significant accounting policies (continued)

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.

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 and leasehold improvements	3 - 9
Motor vehicles	5

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 2022 (continued)

3 Summary of significant accounting policies (continued)

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 'Other investment income - net' in the condensed consolidated interim income statement.
- **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 'Other investment income - net'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Other investment income - net'.

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 2022 (continued)

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

(a) Investments and other financial assets (continued)

(iii) Measurement (continued)

- 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 'Other investment income - net' 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 'Other investment income - net' 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 'Other investment income - net'. 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.

(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.

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 2022 (continued)

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

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

	At 31 March 2022 (Unaudited)			At 31 December 2021 (Audited)		
	Stage 1 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000	Stage 3 AED'000	Total AED'000
Financial investments at amortised cost	1,674,562	2,205	1,676,767	1,662,481	2,205	1,664,686
Allowance for impairment	(1,783)	(2,205)	(3,988)	(2,208)	(2,205)	(4,413)
Cash and cash equivalents, deposits with banks and statutory deposits	964,775	-	964,775	748,977	-	748,977
Allowance for impairment	(702)	-	(702)	(536)	-	(536)

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 2021.

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 2021. 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, the 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 noticed a decrease in health care and life insurance claims, and developments 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 2022.

Since 2019, the Group has developed a robust risk appetite framework and capital thresholds based on the pandemic risk and other risk stress scenarios. 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. The current security list has more than 90% of "A" and above rated reinsurance securities.

The liquidity position of the Group remains strong. Further enhancements and developments to strengthen the processes and credit controls have resulted in an efficient receivable management. The Group continued to have robust collections and the measures taken have contributed to controlled and healthy receivable book as at 31 March 2022.

The Group continues to assess the impact of Covid-19 on the Group's operations and takes necessary actions as needed.

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 2022 (continued)

5 Risk management (continued)

The Group's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of Its Operations, as amended, and those required by the regulators of the insurance industry where the entities within the Group operate;
- to protect its policy holders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- to provide an adequate return to the shareholders by pricing insurance contracts commensurately with the level of risk.

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the CBUAE (formerly, the IA) identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Group is subject to the Regulations which has been complied with during the year. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held to meet these solvency margins as defined in the Regulations. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Group has disclosed the solvency position for the immediately preceding period as the current period solvency position is not finalised.

	As at 31 December 2021 AED'000 (Unaudited)
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	750,745
Minimum Guarantee Fund (MGF)	488,300
Own Funds:	
Basic Own Funds	2,009,343
Ancillary Own Funds	-
Minimum Capital Requirement Surplus (over MCR)	1,909,343
Minimum Capital Requirement Surplus (over SCR)	1,258,598
Minimum Capital Requirement Surplus (over MGF)	1,521,043

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million as at 31 March 2022 and 31 December 2021 against which the paid-up capital of the Company is AED 462 million.

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 2022 (continued)

6 Financial investments

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

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
At fair value through profit or loss	412,589	446,916
At fair value through other comprehensive income	671,837	613,386
At amortised cost	1,676,767	1,664,686
Less: Allowance for impairment as per IFRS 9	(3,988)	(4,413)
	<u>2,757,205</u>	<u>2,720,575</u>

The fair value of the quoted debt instruments held at amortised cost as at 31 March 2022 amounted to AED 1,637,374 thousand (31 December 2021: AED 1,718,101 thousand). These bonds carry interests at the rates of 0.55% to 7.50% (31 December 2021: 1.63% to 7.50%) per annum.

The movements in financial investments were as follows:

	Fair value through profit or loss AED '000	Fair value through OCI AED '000	Amortised cost AED '000	Total AED '000
At 1 January 2021 (Audited)	394,008	443,194	1,679,238	2,516,440
Purchases	170,541	260,675	144,042	575,258
Disposals	(124,076)	(154,767)	(17,195)	(296,038)
Maturities	-	-	(139,412)	(139,412)
Amortisation	-	-	(6,082)	(6,082)
Movement in accrued interest	-	-	137	137
Changes in fair value	6,443	64,284	-	70,727
Allowance for impairment	-	-	(455)	(455)
At 31 December 2021 (Audited)	446,916	613,386	1,660,273	2,720,575
Purchases	30,248	88,817	155,742	274,807
Disposals	(18,068)	(76,968)	-	(95,036)
Maturities	-	-	(144,132)	(144,132)
Amortisation	-	-	(2,015)	(2,015)
Movement in accrued interest	-	-	2,486	2,486
Changes in fair value	(46,507)	46,602	-	95
Release for impairment	-	-	425	425
At 31 March 2022 (Unaudited)	<u>412,589</u>	<u>671,837</u>	<u>1,672,779</u>	<u>2,757,205</u>

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

As part of SIAB arrangement, OIC on behalf of 'OIC Corporate Member Limited' has pledged certain bonds having nominal value of USD 27,730 thousand (equivalent to AED 101,838 thousand) to be held at Lloyd's deposit with the beneficial ownership remains with Oman Insurance Company P.S.C. Net book value of these bonds is AED 111,528 thousand as at 31 March 2022.

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 2022 (continued)

7 Insurance contract liabilities and reinsurance contract assets

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Insurance contract liabilities		
Outstanding claims	2,273,693	2,222,370
Incurred but not reported claims reserve ("IBNR")	435,273	450,645
Life assurance fund	111,183	113,442
Unearned premiums	1,558,602	1,346,425
Unit linked liabilities	392,469	426,321
Unallocated loss adjustment expenses reserve ("ULAE")	7,367	7,399
	<u>4,778,587</u>	<u>4,566,602</u>
Reinsurance contract assets		
Outstanding claims	(1,789,465)	(1,740,575)
Incurred but not reported claims reserve ("IBNR")	(211,233)	(221,412)
Life assurance fund	(21,017)	(21,502)
Unearned premiums	(858,777)	(716,477)
	<u>(2,880,492)</u>	<u>(2,699,966)</u>
Insurance contract liabilities - net		
Outstanding claims	484,228	481,795
Incurred but not reported claims reserve ("IBNR")	224,040	229,233
Life assurance fund	90,166	91,940
Unearned premiums	699,825	629,948
Unit linked liabilities	392,469	426,321
Unallocated loss adjustment expenses reserve ("ULAE")	7,367	7,399
	<u>1,898,095</u>	<u>1,866,636</u>

The gross and net insurance contract liabilities of AED 4,778,587 thousand and AED 1,898,095 thousand respectively as at 31 March 2022 (31 December 2021: AED 4,566,602 thousand and AED 1,866,636 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 2021.

8 Insurance and reinsurance receivables

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Due from policyholders and brokers	577,965	497,803
Less: Charge for expected credit losses	(159,929)	(165,959)
Net due from policyholders and brokers	<u>418,036</u>	<u>331,844</u>
Due from insurance/reinsurance companies	482,317	470,611
Less: Charge for expected credit losses	(263,706)	(256,600)
Net due from insurance/reinsurance companies	<u>218,611</u>	<u>214,011</u>
Total insurance and reinsurance receivables	<u>636,647</u>	<u>545,855</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 2022 (continued)

8 Insurance and reinsurance receivables (continued)

8.1 Insurance and reinsurance receivables by location

Inside UAE

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Due from policyholders and brokers	494,394	399,109
Less: Charge for expected credit losses	(129,044)	(133,472)
Net due from policyholders and brokers	<u>365,350</u>	<u>265,637</u>
Due from insurance/reinsurance companies	419,738	408,811
Less: Charge for expected credit losses	(241,557)	(232,585)
Net due from insurance/reinsurance companies	<u>178,181</u>	<u>176,226</u>
Total insurance and reinsurance receivables inside UAE	<u>543,531</u>	<u>441,863</u>

Outside UAE

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Due from policyholders and brokers	83,571	98,694
Less: Charge for expected credit losses	(30,885)	(32,487)
Net due from policyholders and brokers	<u>52,686</u>	<u>66,207</u>
Due from insurance/reinsurance companies	62,579	61,800
Less: Charge for expected credit losses	(22,149)	(24,015)
Net due from insurance/reinsurance companies	<u>40,430</u>	<u>37,785</u>
Total insurance and reinsurance receivables outside UAE	<u>93,116</u>	<u>103,992</u>

8.2 Movement in the expected credit losses

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Opening expected credit losses as at 1 January	422,559	414,181
Charge for expected credit losses recognised in profit or loss during the year	4,423	23,905
Amounts written off as uncollectible during the period/year	(2,540)	(12,652)
Foreign currency exchange movements	(807)	(2,875)
Balance at the end of the period/year	<u>423,635</u>	<u>422,559</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 2022 (continued)

9 Prepayments and other receivables

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Accrued income	2,291	2,311
Prepayments	38,111	33,086
Staff debtors and allowances	5,918	5,836
Other receivables	84,576	75,508
Less: allowance for impairment as per IFRS 9	(16,797)	(16,797)
	<u>114,099</u>	<u>99,944</u>

10 Share capital

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2021: 461,872,125 shares of AED 1 each)	<u>461,872</u>	<u>461,872</u>

11 Other reserves

	Statutory reserve AED '000	Strategic reserve AED '000	General reserve AED '000	Contingency reserve AED '000	Reinsurance regulatory reserve AED '000	Total AED '000
At 1 January 2021 (Audited)	230,936	303,750	933,051	15,317	344	1,483,398
Transfer from retained earnings*	-	-	-	-	2,258	2,258
At 31 March 2021 (Unaudited)	<u>230,936</u>	<u>303,750</u>	<u>933,051</u>	<u>15,317</u>	<u>2,602</u>	<u>1,485,656</u>
At 31 December 2021 (Audited)	231,051	303,750	933,051	17,189	8,702	1,493,743
Transfer from retained earnings*	-	-	-	-	3,099	3,099
At 31 March 2022 (Unaudited)	<u>231,051</u>	<u>303,750</u>	<u>933,051</u>	<u>17,189</u>	<u>11,801</u>	<u>1,496,842</u>

* In accordance with Article 34 of the CBUAE's Board of Directors Decision No. (23) of 2019, the Group has created a reinsurance regulatory reserve amounting AED 3,099 thousand for the three month period ended 31 March 2022 (31 March 2021: AED 2,258 thousand), being 0.5% of the total reinsurance premiums ceded by the Group in the United Arab Emirates in all classes of business. The Group shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the CBUAE (formerly, the IA).

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 2022 (continued)

12 Insurance and reinsurance payables

	At 31 March 2022			At 31 December 2021		
	Inside UAE AED'000	Outside UAE AED'000	Total AED'000	Inside UAE AED'000	Outside UAE AED'000	Total AED'000
Due to policyholders and brokers	69,165	54,005	123,170	66,365	62,847	129,212
Due to insurance companies	5,833	4,834	10,667	3,125	3,407	6,532
Due to reinsurance companies	374,039	25,593	399,632	181,867	31,299	213,166
Premiums collected in advance	256	1,166	1,422	256	2,134	2,390
Other insurance payables	56,255	3,465	59,720	30,494	3,853	34,347
	505,548	89,063	594,611	282,107	103,540	385,647

13 Earnings per share

	For the three month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Profit for the period attributable to the owners of the Company (AED '000)	67,060	60,300
Weighted average number of shares	461,872,125	461,872,125
Basic and diluted earnings per share (AED)	0.15	0.13

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.

14 Cash and cash equivalents

	For the three month period ended 31 March	
	2022 (Unaudited) AED '000	2021 (Unaudited) AED '000
Deposits with banks maturing within three months	125,409	167,463
Current accounts and cash	183,062	146,101
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cashflows	308,471	313,564
Less: allowance for impairment as per IFRS 9	(702)	(1,876)
Cash and cash equivalents	307,769	311,688

The interest rates on fixed deposits and call accounts with banks range from 0.1% to 18.5% (31 December 2021: 0.1% to 18.25%) per annum.

Certain bank balances and deposits with carrying amount of AED 13,728 thousand at 31 March 2022 (31 December 2021: AED 4,396 thousand) are subject to lien in respect of guarantees.

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 2022 (continued)

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 2022 (Unaudited) AED'000	At 31 December 2021 (Audited) AED'000
<i>Balances with a Major shareholder:</i>		
Cash and cash equivalents	98,355	55,222
Financial investments	71,087	62,324
Statutory deposits	10,000	10,000
<i>Due from/(to) a Major shareholder:</i>		
Net insurance receivables	1,969	2,078
Net insurance and other payables	(3,325)	(2,587)
<i>Due from/(to) Directors and businesses over which they exercise significant management influence:</i>		
Net insurance receivables	8,570	10,245
Net insurance and other payables	(2,346)	(2,271)

15.2 Transactions with related parties:

	For the three month period ended 31 March	
	2022 (Unaudited) AED '000	2021 (Unaudited) AED '000
<i>Transactions arising from insurance contracts with a Major shareholder:</i>		
Gross insurance premiums	6,136	7,629
Gross claims settled	(8,978)	(17,742)
<i>Other transactions with a Major shareholder:</i>		
Interest income	137	103
Other expenses	(639)	(865)
Rental expense	(1,537)	(1,686)
<i>Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:</i>		
Gross insurance premiums	4,306	3,535
Gross claims settled	(2,775)	(5,552)
<i>Other transactions with Directors and businesses over which they exercise significant management influence:</i>		
Other investment expenses	(1,514)	(1,431)

The Group has entered into 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.

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 2022 (continued)

15 Related party balances and transactions (continued)

15.3 Compensation of key management personnel

	For the three month period ended 31 March	
	2022 (Unaudited) AED '000	2021 (Unaudited) AED '000
Directors' fees	(562)	(562)
Salaries and benefits	(1,387)	(1,387)
End of service benefits	(31)	(31)
	<u>(1,980)</u>	<u>(1,980)</u>

16 Contingent liabilities

At 31 March 2022, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 65 million (31 December 2021: AED 72 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.

17 Commitments

	At 31 March 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Commitments in respect of uncalled subscription of financial investments	<u>26,323</u>	<u>7,960</u>
Capital commitments towards acquisitions of property and equipment and intangible assets	<u>21,276</u>	<u>22,086</u>

18 Location of assets

Geographical locations of assets are disclosed below:

	At 31 March 2022 (Unaudited)			At 31 December 2021 (Audited)		
	Inside UAE AED '000	Outside UAE AED '000	Total AED '000	Inside UAE AED '000	Outside UAE AED '000	Total AED '000
Property and equipment	46,357	851	47,208	48,734	673	49,407
Investment properties	462,829	-	462,829	462,829	-	462,829
Statutory deposits	45,302	125,823	171,125	45,303	127,143	172,446
Financial investments at FVTOCI	307,909	363,928	671,837	295,447	317,939	613,386
Financial investments at FVTPL	8,830	403,759	412,589	6,542	440,374	446,916
Financial investments at amortised cost	859,345	813,434	1,672,779	873,047	787,226	1,660,273
Deposits with banks and cash and cash equivalents	647,056	145,892	792,948	427,984	148,011	575,995
	<u>2,377,628</u>	<u>1,853,687</u>	<u>4,231,315</u>	<u>2,159,886</u>	<u>1,821,366</u>	<u>3,981,252</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 2022 (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

	For the three month period ended 31 March (Unaudited)					
	General insurance		Life assurance and medical		Total	
	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000
Gross insurance premiums	472,648	441,458	634,418	571,736	1,107,066	1,013,194
Net underwriting income	60,496	64,016	54,663	49,587	115,159	113,603
Net investment income					34,335	32,602
General and administrative expenses					(68,902)	(70,606)
Board of directors' remuneration					(562)	(562)
Charge for expected credit losses on insurance and reinsurance receivables					(4,423)	(7,721)
Other expenses – net					(7,060)	(5,661)
Profit before tax					68,547	61,655
Income tax expenses					(1,487)	(1,492)
Profit for the period					67,060	60,163
Attributable to:						
Owners of the Company					67,060	60,300
Non-controlling interests					-	(137)
Profit for the period					67,060	60,163

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 2022 (continued)

19 Segment information (continued)

19.2 Segment results by geographical distribution

	For the three month period ended 31 March (Unaudited)					
	GCC		Turkey		Total	
	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000
Gross insurance premium	1,064,029	958,331	43,037	54,863	1,107,066	1,013,194
Net underwriting income	111,227	111,877	3,932	1,726	115,159	113,603
Net investment income	26,418	28,861	7,917	3,741	34,335	32,602
General and administrative expenses	(65,633)	(66,921)	(3,269)	(3,685)	(68,902)	(70,606)
Board of directors' remuneration	(562)	(562)	-	-	(562)	(562)
Charge for expected credit losses on insurance and reinsurance receivables	(4,423)	(7,721)	-	-	(4,423)	(7,721)
Other expenses – net	(8,777)	(6,920)	1,717	1,259	(7,060)	(5,661)
Profit before tax	58,250	58,614	10,297	3,041	68,547	61,655
Income tax expenses	(363)	(437)	(1,124)	(1,055)	(1,487)	(1,492)
Profit for the period	57,887	58,177	9,173	1,986	67,060	60,163
Attributable to:						
Owners of the Company	57,887	58,314	9,173	1,986	67,060	60,300
Non-controlling interests	-	(137)	-	-	-	(137)
Profit for the period	57,887	58,177	9,173	1,986	67,060	60,163

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 2022 (continued)

19 Segment information (continued)

19.3 Segment assets and liabilities by operating segments

At 31 March 2022 (Unaudited)

	General insurance AED '000	Life assurance and medical AED '000	Investments AED '000	Total AED '000
Segment assets	3,478,529	1,820,624	2,827,771	8,126,924
Segment liabilities	3,525,149	2,266,445	-	5,791,594

At 31 December 2021 (Audited)

	General insurance AED '000	Life assurance and medical AED '000	Investments AED '000	Total AED '000
Segment assets	3,149,279	1,658,547	2,757,289	7,565,115
Segment liabilities	3,255,900	2,080,357	-	5,336,257

19.4 Geographical information of segment assets and liabilities

At 31 March 2022 (Unaudited)

	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	7,843,340	283,584	8,126,924
Segment liabilities	5,539,217	252,377	5,791,594

At 31 December 2021 (Audited)

	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	7,271,887	293,228	7,565,115
Segment liabilities	5,071,484	264,773	5,336,257

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 6 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 2021.

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 2022 (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 and liabilities that are measured at fair value on recurring basis

Some of the Group's financial assets and liabilities 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 and liabilities are determined:

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2022	31 December 2021				
	AED'000 (Unaudited)	AED'000 (Audited)				
Financial assets measured at FVTPL						
Unit linked investments	392,263	426,115	Level 2	Quoted prices in secondary market	None	Not applicable
Quoted equity investments	20,326	20,801	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial assets measured at FVTOCI						
Quoted equity investments	576,248	517,119	Level 1	Quoted bid prices in an active market	None	Not applicable
Quoted fund	54,836	55,514	Level 2	Quoted prices in secondary market	None	Not applicable
Unquoted equity and private equity fund	40,753	40,753	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.
Liabilities measured at FVTPL						
Unit linked liabilities	392,469	426,321	Level 2	Quoted prices in secondary market	None	Not applicable

There were no transfers between levels during the period. There are no other 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 2022 (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 2022 (Unaudited) AED '000	At 31 December 2021 (Audited) AED '000
Balance at the beginning of the period/year	40,753	43,807
Disposals during the period/year	-	(1,119)
Changes in fair value recognised in other comprehensive income	-	(1,935)
Balance at the end of the period/year	<u>40,753</u>	<u>40,753</u>

21 Seasonality of results

Net investment income includes dividend income of AED 9,421 thousand for the three month period ended 31 March 2022 (31 March 2021: AED 7,964 thousand), which is of a seasonal nature.

22 Dividends

At the Annual General Meeting held on 12 April 2022, the shareholders approved a cash dividend distribution of 20% of the share capital amounting to AED 92,374 thousand (AED 20 fils per share) for the year ended 31 December 2021 (31 December 2020: At the Annual General Meeting held on 21 April 2021, the shareholders approved a cash dividend distribution of 20% of the share capital amounting to AED 92,374 thousand).

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.

On 23 February 2022, OIC and ASSICURAZIONI GENERALI S.p.A acting through its branch office in the UAE ("Generali UAE") signed an agreement to transfer the life insurance portfolio of Generali UAE to OIC. This portfolio transfer is expected to be completed in Q3 2022 subject to the necessary regulatory approvals.

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 11 May 2022.