

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

**Review report and condensed consolidated interim financial
information for the nine month period ended 30 September 2023**



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

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INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors
Oman Insurance Company P.S.C.
Dubai
United Arab Emirates**

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 (the "Group") as at 30 September 2023 and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this 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 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.

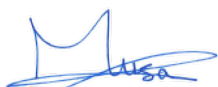
Conclusion

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

Other matter

The interim financial information of the Group for the nine months period ended 30 September 2022 and the annual consolidated financial statements for the year ended 31 December 2022 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion on that information and an unmodified opinion on those statements on 9 November 2022 and 7 February 2023 respectively.

Deloitte & Touche (M.E.)



Signed by:
Musa Ramahi
Registration No. 872
25 October 2023
Sharjah, United Arab Emirates

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

Condensed consolidated interim statement of financial position

		At 30 September 2023 (Unaudited) AED '000	Restated at 31 December 2022 (Unaudited) AED '000
	Notes		
Assets			
Property and equipment		40,392	41,280
Intangible assets		79,296	85,720
Investment properties		477,834	464,840
Goodwill	3.3	3,541	-
Deferred tax assets		2,618	2,618
Statutory deposits		195,032	184,091
Financial investments at amortised cost	6	1,909,283	1,774,819
Financial investments at fair value through other comprehensive income (FVTOCI)	6	757,080	643,452
Financial investments at fair value through profit or loss	6	1,150,512	1,064,065
Insurance contract assets	7	151	716
Reinsurance contract assets	8	2,639,010	2,373,692
Prepayments and other receivables	9	305,360	190,258
Deposits with banks		689,058	553,642
Cash and cash equivalents		316,560	234,774
Total assets		8,565,727	7,613,967
Equity and liabilities			
Equity			
Share capital	10	461,872	461,872
Other reserves	11	1,517,382	1,507,580
Cumulative changes in fair value of securities		(102,271)	(154,667)
Insurance finance income and expenses reserve		15,990	11,449
Retained earnings		819,316	724,521
Net equity attributable to the owners of the Company		2,712,289	2,550,755
Non-controlling interests		13,199	-
Total equity		2,725,488	2,550,755
Liabilities			
Employees' end of service benefits		43,793	41,290
Bank borrowings	12	86,000	-
Insurance contract liabilities	7	4,058,291	3,618,837
Reinsurance contract liabilities	8	5,417	5,045
Investment contract liabilities		1,056,832	994,591
Other payables		589,906	403,449
Total liabilities		5,840,239	5,063,212
Total equity and liabilities		8,565,727	7,613,967

To the best of our knowledge, the condensed consolidated interim financial information present fairly in all material respects the financial condition, results of operation and cashflows of the Group as of, and for, the periods presented therein.



 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 statement of profit or loss

		For the three month period ended 30 September		For the nine month period ended 30 September	
		2023 (Unaudited) AED '000	Restated 2022 (Unaudited) AED '000	2023 (Unaudited) AED '000	Restated 2022 (Unaudited) AED '000
Notes					
Insurance revenue	15	1,167,309	1,026,569	3,356,582	2,833,806
Insurance service expenses		(874,251)	(699,687)	(2,656,870)	(1,957,328)
Insurance service result before reinsurance contracts held		293,058	326,882	699,712	876,478
Net expense from reinsurance contracts held		(229,574)	(253,134)	(543,051)	(671,895)
Insurance service result		63,484	73,748	156,661	204,583
Interest income from financial investment at amortised cost		31,762	21,421	87,457	76,758
Realised (losses)/gains on sale of financial investments at amortised cost		(3)	24	75	48
Other investment income - net		4,376	2,767	37,646	18,875
Net investment income		36,135	24,212	125,178	95,681
Finance expenses from insurance contracts issued		(22,027)	(7,788)	(85,146)	(29,352)
Finance income from reinsurance contracts held		19,152	7,979	71,838	26,721
Net insurance finance (expenses)/income		(2,875)	191	(13,308)	(2,631)
Net insurance and investment result		96,744	98,151	268,531	297,633
General and administrative expenses		(25,947)	(24,252)	(80,054)	(75,168)
Board of directors' remuneration	16.3	(562)	(562)	(1,687)	(1,687)
Finance costs		(1,273)	-	(1,923)	-
Other (expense)/income – net		(5,287)	(4,254)	985	15,452
<i>Loss on sale of subsidiary:</i>					
Gain on sale before reclassification of foreign currency translation reserve		-	-	-	63,043
Reclassification of foreign currency translation reserve		-	-	-	(89,003)
Profit before tax		63,675	69,083	185,852	210,270
Income tax expenses		(429)	(849)	(976)	(4,678)
Profit for the period		63,246	68,234	184,876	205,592
Attributable to:					
Owners of the Company		63,684	68,234	185,311	205,592
Non-controlling interests		(438)	-	(435)	-
		63,246	68,234	184,876	205,592
Earnings per share (AED)	13	0.14	0.15	0.40	0.45

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

Condensed consolidated interim statement of comprehensive income

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited)) AED '000	Restated 2022 (Unaudited) AED '000	2023 (Unaudited)) AED '000	Restated 2022 (Unaudited) AED '000
Profit for the period	63,246	68,234	184,876	205,592
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	16,125	18,593	64,261	25,950
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Finance income from insurance contracts issued	5,031	16,924	17,718	71,762
Finance expense from reinsurance contracts held	(3,623)	(14,010)	(13,177)	(59,002)
Exchange losses on translation of foreign operations	-	-	-	(13,040)
Reclassification of foreign currency translation reserve	-	-	-	89,003
Net fair value losses on revaluation of debt investments at FVTOCI	(201)	-	(220)	-
Total other comprehensive income for the period	17,332	21,507	68,582	114,673
Total comprehensive income for the period	80,578	89,741	253,458	320,265
Attributable to:				
Owners of the Company	81,030	89,741	253,908	320,265
Non-controlling interests	(452)	-	(450)	-
	80,578	89,741	253,458	320,265

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	Insurance finance income and expenses reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Net equity attributable to the owners of the Company AED'000	Non- controlling interests AED'000	Total equity AED'000
At 31 December 2021 as previously reported	461,872	1,493,743	(166,503)	-	(75,963)	515,709	2,228,858	-	2,228,858
Impact of initial application of IFRS 17 (note 2.3)	-	-	-	-	-	43,080	43,080	-	43,080
Restated balance as at 1 January 2022 (Unaudited)	461,872	1,493,743	(166,503)	-	(75,963)	558,789	2,271,938	-	2,271,938
Profit for the period	-	-	-	-	-	205,592	205,592	-	205,592
Other comprehensive income for the period	-	-	25,950	12,760	75,963	-	114,673	-	114,673
Total comprehensive income for the period	-	-	25,950	12,760	75,963	205,592	320,265	-	320,265
Transfer to reinsurance regulatory reserve (note 11)	-	10,836	-	-	-	(10,836)	-	-	-
Transfer to retained earnings on sale of subsidiary (note 11)	-	(115)	-	-	-	115	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	(11,429)	-	-	11,429	-	-	-
Cash dividend (note 23)	-	-	-	-	-	(92,374)	(92,374)	-	(92,374)
Restated balance at 30 September 2022 (Unaudited)	461,872	1,504,464	(151,982)	12,760	-	672,715	2,499,829	-	2,499,829
At 31 December 2022 as previously reported	461,872	1,507,580	(154,667)	-	-	645,730	2,460,515	-	2,460,515
Impact of initial application of IFRS 17 (note 2.3)	-	-	-	11,449	-	78,791	90,240	-	90,240
Restated balance at 31 December 2022 (Unaudited)	461,872	1,507,580	(154,667)	11,449	-	724,521	2,550,755	-	2,550,755
Profit for the period	-	-	-	-	-	185,311	185,311	(435)	184,876
Other comprehensive income for the period	-	-	64,056	4,541	-	-	68,597	(15)	68,582
Total comprehensive income for the period	-	-	64,056	4,541	-	185,311	253,908	(450)	253,458
Transfer to reinsurance regulatory reserve (note 11)	-	9,802	-	-	-	(9,802)	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	(11,660)	-	-	11,660	-	-	-
Cash dividend (note 23)	-	-	-	-	-	(92,374)	(92,374)	-	(92,374)
Non-controlling interests on acquisition of subsidiary (note 3.3)	-	-	-	-	-	-	-	13,649	13,649
At 30 September 2023 (Unaudited)	461,872	1,517,382	(102,271)	15,990	-	819,316	2,712,289	13,199	2,725,488

The accompanying notes 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 nine month period ended 30 September	
	2023 (Unaudited) AED '000	Restated 2022 (Unaudited) AED '000
Cash flows from operating activities		
Profit for the period before tax	185,852	210,270
Adjustments for:		
Depreciation and amortisation	18,271	18,725
Unrealised (gain)/ loss on financial investments at FVTPL (excluding unit linked investments)	(2,142)	5,248
Loss on sale of investment properties	2,295	-
Provision for employees' end of service benefits	4,718	3,483
Release of impairment of financial investments at amortised cost	(45)	(1,095)
Release of impairment of bank balances and deposits	(183)	(373)
Dividend income from financial investments at FVTPL and FVTOCI	(39,104)	(27,420)
Interest income from financial assets	(89,579)	(81,074)
Amortisation of financial assets measured at amortised cost	1,728	4,316
Realised gains on sale of financial investments at FVTPL and FVTOCI	(103)	(127)
Finance costs	1,923	-
Realised gain on sale of financial investments at amortised cost	(75)	(48)
Interest expense on lease liabilities	648	758
Other investment expenses	12,962	10,726
Rental income from investment properties	(10,932)	(5,834)
Loss on sale of subsidiary (note 3.3)	-	25,960
Operating cash flows before changes in working capital and payment of employees' end of service benefits and income tax	86,234	163,515
Changes in working capital		
Changes in insurance and reinsurance contract assets/liabilities	51,822	135,116
Increase in prepayment and other receivables	(95,860)	(37,578)
Increase/(decrease) in other payables	170,075	(9,701)
(Increase)/decrease in unit linked investments	(84,260)	69,561
Increase/(decrease) in investment contract liabilities	62,241	(74,593)
Net cash generated from operations	190,252	246,320
Employees' end of service benefits paid	(4,551)	(2,782)
Income tax paid	(2,369)	(2,132)
Net cash generated from operating activities	183,332	241,406

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

Condensed consolidated interim statement of cash flows (continued)

	For the nine month period ended 30 September	
	2023	Restated 2022
	(Unaudited) AED '000	(Unaudited) AED '000
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	(220,594)	(244,853)
Proceeds from sale of financial investments at FVTOCI	230,449	221,672
Purchases of financial investments at FVTPL (excluding unit linked investments)	(2,307)	(2,485)
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)	3,359	2,704
Proceeds from maturities of financial investments at amortised cost	82,794	253,938
Purchases of financial investments at amortised cost	(217,796)	(337,978)
Dividend received from financial investments at FVTPL and FVTOCI	35,693	24,326
Interest received from deposits and financial investments	77,762	76,868
Rental income received from investment properties	11,432	5,789
Other investment expenses paid	(13,495)	(10,568)
Purchase of property and equipment and intangible assets	(8,951)	(7,601)
Proceeds from sale of investment properties	117,376	-
Increase in term deposits with original maturities of more than three months	(23,106)	(21,939)
Increase in statutory deposits	(941)	(20,001)
Acquisition of subsidiary, net of cash acquired (note 3.3)	(165,309)	-
Net proceeds from sale of subsidiary (note 3.3)	-	50,183
Net cash used in investing activities	(93,634)	(9,945)
Cash flows from financing activities		
Dividend paid	(92,374)	(92,374)
Interest element of lease payments	(19)	(112)
Principal element of lease payments	(1,702)	(1,570)
Cash proceeds from borrowings	86,000	-
Cash used in financing activities	(8,095)	(94,056)
Net increase in cash and cash equivalents	81,603	137,405
Cash and cash equivalents at the beginning of the period	235,079	217,118
Net foreign exchange movement	-	(11,603)
Cash and cash equivalents at the end of the period (note 14)	316,682	342,920

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

During the nine month period ended 30 September 2023, the principal non-cash transactions relate to the additions of the lease liability and right of use asset amounting to AED 5,147 thousand each (30 September 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).

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023

1 General information

Oman Insurance Company P.S.C., (the "Company") herein after Sukoon Insurance ("Sukoon") 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. 32 of 2021, 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 UAE ("CBUAE") (formerly, the 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 ("DFM"), United Arab Emirates.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. The corporate income tax will apply on the adjusted accounting net profits of a business. The Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, in preparation for full compliance with the new Corporate tax law noting that the first tax period for the Group is starting on 1 January 2024.

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, England and Wales., the United Kingdom. The Company had a subsidiary in Republic of Turkey which was sold on 14 June 2022.

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

2.1 New and revised IFRS adopted in the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs, did not have any material impact on the amounts reported for the current and prior periods, except from the application of IFRS 17 which has replaced IFRS 4 and has fundamentally changed the measurement and presentation of insurance contracts (including reinsurance contracts held).

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 – Insurance Contracts (note 2.3)	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 – Presentation of Financial Statements	1 January 2023
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

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

New and revised IFRS

Effective for annual
periods beginning on
or after

Amendments to IFRS 16 on lease liability in a sales and lease back - clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale

1 January 2024

Amendment to IAS 1 on non-current Liabilities with Covenants - clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

1 January 2024

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011)

Effective date deferred indefinitely. Adoption is still permitted.

Amendments to IAS 1 – Amendments to IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies

Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.3 Changes in accounting policies

In these condensed consolidated interim financial information, the Group has applied IFRS 17 for the first time. The nature of the changes in first time adoption of IFRS 17 can be summarized, as follows:

Changes to classification and measurement

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group. The adoption of IFRS 17 did not change the classification of the Group’s insurance contracts.

The Group uses different measurement approaches, depending on the type of contracts, as follows:

Nature of Contracts	Product classification	Measurement model
Property & Casualty Contracts	Insurance contracts	PAA
Health Insurance	Insurance contracts	PAA
Short term life insurance contracts	Insurance contracts	PAA
Term and Endowment life insurance contracts	Insurance contracts	GMM
Direct participating contracts	Insurance contracts with direct participation features	VFA
All reinsurance contracts held other than long term individual life	Reinsurance contracts held	PAA
Long term individual life reinsurance contracts held	Reinsurance contracts held	GMM
Investment contracts without discretionary participation features (DPF)	Financial instruments	Financial liabilities measured at FVTPL under IFRS 9

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Changes to classification and measurement (continued)

The key principles of IFRS 17 under the different measurement models, where applicable, are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;
- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately;
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

The premium allocation approach (PAA) simplifies the measurement of insurance contracts in comparison with the general measurement model (GMM) in IFRS 17. The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided (insurance revenue for each period is the amount of expected premium receipts for providing services in the period);
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group’s obligation to pay other incurred insurance expenses;

Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Under the GMM and the variable fee approach (VFA), recognises and measures groups of insurance contracts at:

- i) A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; and
- ii) An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)

The VFA is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts.

The Group capitalises insurance acquisition cash flows for all insurance group of contracts. The Group allocates the acquisition cash flows to groups of insurance contracts issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates portfolios of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately, the carrying amount of:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of reinsurance contracts held that are assets
- Portfolios of insurance contracts and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are liabilities

The line item descriptions in the profit or loss and other comprehensive income have been changed significantly compared with prior year. Previously the Group reported the following line items:

- Gross insurance premium
- Net retained premium
- Net changes in premium reserves
- Net earned insurance premium
- Gross claims settled
- Net claims settled
- Change in incurred insurance contract liabilities
- Net claims incurred
- Net commission and other underwriting income

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Income or expenses from reinsurance contracts held
- Insurance finance income or expenses
- Reinsurance finance income or expenses
- Net insurance finance income or expenses

Transition impact

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts using the modified retrospective approach.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

The Group assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of contracts issued prior to the transition date. The Group elected to apply the modified retrospective approach, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information.

The Group has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Transition impact (continued)

The Group has elected to use the simplification in the modified retrospective approach for determining the CSM or loss component of the liability for remaining coverage at the transition date. The Group has used the following procedure to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date.
- Estimated historical discount rates applied to some cash flows in the period prior to 2014 using an observable market interest curve based on discount rate applicable for 2014.
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Group has issued subsequent to the transition date.

The Group has elected to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expenses recognised in other comprehensive income at the transition date to zero.

As mentioned above the line item descriptions in the condensed consolidated interim statement of profit or loss and other comprehensive income have changed significantly compared with prior period. The adoption of IFRS 17 has led to the restatement of the profit for the nine month period ended 30 September 2022 from AED 177,885 thousand to AED 205,592 thousand and the other comprehensive income from AED 279,798 thousand to AED 320,265 thousand.

The table below summarise the impact of initial application of IFRS 17 as at 31 December 2022:

	As previously reported (Audited) AED ‘000	Effect of application of IFRS 17 (Unaudited) AED ‘000	As restated (Unaudited) AED ‘000
Assets			
Insurance contract assets	-	716	716
Reinsurance contract assets	3,128,009	(754,317)	2,373,692
Deferred acquisition costs	180,952	(180,952)	-
Insurance and reinsurance receivables	677,099	(677,099)	-
Prepayments and other receivables	144,449	45,809	190,258
Liabilities			
Deferred commission income	85,177	(85,177)	-
Re-insurance deposits retained	154,213	(154,213)	-
Insurance and reinsurance payables	596,083	(596,083)	-
Other payables	200,439	203,010	403,449
Investment contract liabilities	-	994,591	994,591
Insurance contract liabilities	5,642,093	(2,023,256)	3,618,837
Reinsurance contract liabilities	-	5,045	5,045
Equity			
Retained earnings	645,730	78,791	724,521
Insurance finance income and expenses reserve	-	11,449	11,449

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.3 Changes in accounting policies (continued)

Transition impact (continued)

The table below summarise the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported (Audited) AED ‘000	Effect of application of IFRS 17 (Unaudited) AED ‘000	As restated (Unaudited) AED ‘000
Assets			
Insurance contract assets	-	672	672
Reinsurance contract assets	2,699,966	(255,420)	2,444,546
Deferred acquisition costs	150,381	(150,381)	-
Insurance and reinsurance receivables	545,855	(545,855)	-
Prepayments and other receivables	99,944	29,527	129,471
Liabilities			
Deferred commission income	74,144	(74,144)	-
Re-insurance deposits retained	113,068	(113,068)	-
Insurance and reinsurance payables	385,647	(385,647)	-
Other payables	157,059	238,610	395,669
Investment contract liabilities	-	381,741	381,741
Insurance contract liabilities	4,566,602	(1,015,045)	3,551,557
Reinsurance contract liabilities	-	3,016	3,016
Equity			
Retained earnings	515,709	43,080	558,789

3 Summary of significant accounting policies

3.1 Basis of preparation

This condensed consolidated interim financial information for the nine month period ended 30 September 2023 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 measured at fair value.

The Group presents its condensed consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current).

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 2022. In addition, results for the nine month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.2 Significant accounting policies

The accounting policies, presentation and methods used 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 2022 with the exception of the changes as a result of the first time application of IFRS 17 which applies to annual periods beginning on or after 1 January 2023 and has significantly impacted the accounting policies relating to the measurement of contracts that are in scope of the new standard, which is disclosed in note 3.7.

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.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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 30 September 2023 and 31 December 2022:

Name of subsidiary	Place of incorporation and operation	Proportion of legal ownership interest		Proportion of voting power held	Principal activity
		At 30 September 2023	At 31 December 2022		
Equator Insurance Agency L.L.C.*	Dubai - UAE	99.97%	99.97%	100%	Insurance agency.
Synergize Services FZ L.L.C.**	Dubai - UAE	100%	100%	100%	Management information technology and transaction processing.
OIC Corporate Member Limited***	England and Wales - United Kingdom	100%	100%	100%	A limited liability underwriting member of Lloyd's
Oman Insurance Management Services Limited***	Dubai - UAE	100%	100%	100%	Insurance management company
Oman Insurance Workplace Savings Solutions Limited****	Dubai - UAE	100%	-	100%	Acting as an administrator of an employee money purchase scheme
Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance ("ASCANA")*****	Dubai - UAE	93.04%	-	93.04%	General and life takaful insurance

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Changes in ownership interests (continued)

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

** 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.

*** Syndicate 2880 was launched under the Syndicate-in-a-box initiative ("SIAB"). On 10 February 2022, Sukoon's Syndicate 2880 received Lloyd's approval to commence underwriting and has started operations under interim operating model where underwriting is carried out from London, United Kingdom. Sukoon has incorporated Oman Insurance Management Services Limited (the "Service company") in Dubai International Financial Centre ("DIFC") as a fully owned subsidiary of Oman Insurance Company P.S.C. The Service company will exclusively act on behalf of Sukoon's Syndicate 2880 under the delegated authority from the Syndicate 2880 and approval from Lloyd's of London. The Service company received its license from the Dubai Financial Service Authority ("DFSA") on 18 October 2022 to commence its operations. The Service company received Lloyd's approval to commence its operations on behalf of the Syndicate 2880 from 1 January 2023. As part of SIAB arrangement, Sukoon 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.

**** On 13 April 2023, Sukoon has incorporated Oman Insurance Workplace Savings Solutions Limited ("OIWSS") in DIFC as a fully owned subsidiary of Oman Insurance Company P.S.C. OIWSS received its license from the DFSA on 10 July 2023.

***** Acquisition of a subsidiary

On 19 December 2022, Sukoon had signed a sale and purchase agreement to acquire a majority stake in Arabian Scandinavian Insurance Company (PLC) – Takaful – Ascana Insurance ("ASCANA") from the key shareholders of ASCANA who represent this stake. On 18 May 2023 ("the acquisition date"), the Group acquired a 93.0432% of the share capital and voting interests of ASCANA for a cash consideration of AED 186,089 thousand and thereby obtaining control of ASCANA. This acquisition is in line with Sukoon's strategy to diversify its sources of business and consolidate its presence in the UAE and GCC, while allowing it to enter the growing takaful insurance market. This acquisition will not only strengthen Sukoon's ability to meet a wider range of customer needs with Shariah-compliant products, but it will also allow ASCANA to leverage Sukoon's strong heritage, market positioning and specialized underwriting capabilities.

The purchase consideration of the acquisition has been allocated to the assets acquired and liabilities assumed using their provisional fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of ACANA based on their provisional fair values as of 18 May 2023 is presented below.

The following table summarises the identifiable assets acquired and liabilities assumed:

	(Unaudited) AED'000
Property and equipment	1,570
Intangible assets	438
Investment properties	132,665
Financial investments at fair value through other comprehensive income (FVTOCI)	59,525
Financial investments at fair value through profit or loss	911
Statutory deposits	10,000
Prepayments and other receivables	16,838
Deposits with banks	101,056
Cash and cash equivalents	20,780
Reinsurance contract assets	18,990
Employees' end of service benefits	(2,336)
Other payables	(17,458)
Reinsurance contract liabilities	(288)
Insurance contract liabilities	(146,494)
Fair value of identifiable net assets	196,197

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Changes in ownership interests (continued)

The allocation of the purchase price may be modified within a period of twelve months from the date of business combination, as more information is obtained about the fair value of assets acquired and liabilities assumed. This may result in different values being attributed to the assets and liabilities acquired, and hence, change in the accounting for the acquisition.

Goodwill arising from the acquisition is recognised as follows:

	(Unaudited) AED'000
Cash consideration paid	186,089
Non-controlling interest on proportionate basis	13,649
Fair value of identifiable net assets	(196,197)
	<u>3,541</u>

Outflow of cash to acquire subsidiary, net of cash acquired:

	(Unaudited) AED'000
Cash consideration paid	186,089
Less: cash and cash equivalent balances acquired	(20,780)
Net cash outflow - investing activities	<u>165,309</u>

Sale of the subsidiary

Dubai Sigorta A. Ş. was founded in 2012 and its 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, Türkiye (a company of VHV Group - Hannover, Germany) for OIC to fully sell 100% shareholding in the Group's subsidiary Dubai Sigorta A.Ş., Türkiye. The Company completed the transaction for the sale of its subsidiary, Dubai Sigorta A. Ş. after receiving relevant approvals from Türkiye regulators and subsequently the shares were transferred on 14 June 2022 for a cash consideration of USD 26,640 thousand (equivalent to AED 97,835 thousand).

	At 14 June 2022 AED'000
Cash consideration received	97,835
Carrying amount of net assets sold	(32,041)
Carrying amount of goodwill	(2,751)
Gain on sale before reclassification of foreign currency translation reserve	63,043
Reclassification of foreign currency translation reserve	(89,003)
Loss on sale of subsidiary recognised in condensed consolidated interim statement of profit or loss	<u>(25,960)</u>

Net cash flows on sale of subsidiary for the purpose of condensed consolidated interim statement of cash flows:

	At 14 June 2022 AED'000
Consideration received in cash and cash equivalents	97,835
Less: cash and cash equivalent balances disposed	(47,652)
Net cash inflow	<u>50,183</u>

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (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 nine month period ended 30 September 2023 (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'.
- **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.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

(a) Investments and other financial assets (continued)

(iii) Measurement (continued)

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 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. 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) Other receivables

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 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 nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held

3.7.1 Insurance and reinsurance contracts issued classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation features (DPF) issued by the Group fall under this category. The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

3.7.2 Level of Aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

3.7.3 Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; or
- when the Group determines that a group of contracts becomes onerous.

3.7.4 Combination of insurance contracts

Sometimes, the Group enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Group accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Group considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Group is unable to measure one contract without considering the other

3.7.5 Separating components from insurance and reinsurance contracts

The Group assesses its insurance and reinsurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's contracts do not include any distinct components that require separation. Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.6 Contract boundary

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - i. The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - ii. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

3.7.7 Measurement

The following table sets out the accounting policy choices adopted by the Group:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	PAA	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cashflows when incurred or amortizing them over the contract's coverage period.	Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	PAA	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Group discounts the LIC for the time value of money.

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

The following table sets out the accounting policy choices adopted by the Group:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Insurance finance income and expenses	All	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis.	For contracts measured under the PAA, the Group applies OCI option. For contracts measured under the GMM and VFA, the Group includes all insurance finance income or expenses for the period in profit or loss.
Disaggregation of risk adjustment	All	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.
Presentation of income / (expense) from reinsurance contracts held	All	IFRS 17 allows options in presenting income or expenses from reinsurance contracts held, other than insurance finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the premiums paid (as reinsurance expenses) in line items separate from insurance revenue and insurance service expenses.	The Group elected to present a single net amount in net expenses from reinsurance contracts held.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

3.7.7.1 Insurance contracts measured under the premium allocation approach - Initial and Subsequent Measurement

The Group applies the premium allocation approach to all the insurance contracts (other than long term individual life insurance contracts) that it issues and reinsurance contracts that it holds as;

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment).

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

3.7.7.2 Insurance contracts measured other than PAA - Initial and Subsequent Measurement

The Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder
- Costs incurred for providing investment-related service and investment-return service to policyholders
- Other costs specifically chargeable to the policyholder under the terms of the contract

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

3.7.7.2 Insurance contracts measured other than PAA - Initial and Subsequent Measurement (continued)

Subsequent measurement:

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- For contracts measured under the GMM, interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For direct participating contracts measured under the VFA, the Group adjusts the CSM for the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
- an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses).

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

3.7.7.2 Insurance contracts measured other than PAA - Initial and Subsequent Measurement (continued)

For direct participating contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.

3.7.7.3 Reinsurance contracts held

Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

A group of reinsurance contracts held is recognised as follows:

- If the reinsurance contracts provide proportionate coverage, the date the Group initially recognizes any underlying insurance contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer shall end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

3.7.7.3 Reinsurance contracts held (continued)

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3.7.7.4 Modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.7.7.5 Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

3.7.7.6 Discount rates

The Group uses the bottom-up approach for the groups of contracts measured under PAA and GMM and the top-down approach for the groups of contracts measured under VFA to derive the discount rates.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

3.7.7 Measurement (continued)

3.7.7.7 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 65th to 75th percentile, adjusted for diversification. That is, the Group has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 65th to 75th percentile confidence level, adjusted for diversification, less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

3.7.7.8 Contractual service margin (CSM)

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of unit linked life insurance contracts, the coverage unit is the unit reserve while for other long term life groups of contracts, the coverage unit is the premiums. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

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 2022 with the exception of those relating to the measurement of insurance contracts issued and reinsurance contracts held. For these contracts, IFRS 17 is applied for annual periods beginning on or after 1 January 2023 and the key judgments and estimates applied are the below.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

4 Critical accounting judgements and key sources of estimation of uncertainty (continued)

4.1 *Assessment of significance of insurance risk:*

The Group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

4.2 *Risk adjustment:*

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 65th to 75th percentile, adjusted for diversification. That is, the Group has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 65th to 75th percentile confidence level, adjusted for diversification, less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

4.3 *Onerous groups*

The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

4.4 *Time value of money*

The Group adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free curve itself will either be derived by the Group from risk free assets in the market, or the Group may choose to apply a published risk-free yield curve.

The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

4.5 *Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

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 2022. 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).

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 period/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/BSN/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 yet finalised.

	At 30 June 2023 (Unaudited) AED'000
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	897,874
Minimum Guarantee Fund (MGF)	477,918
Own Funds:	
Basic Own Funds	2,328,047
Ancillary Own Funds	-
Minimum Capital Requirement Surplus (over MCR)	2,228,047
Minimum Capital Requirement Surplus (over SCR)	1,430,173
Minimum Capital Requirement Surplus (over MGF)	1,850,129

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million as at 30 September 2023 and 31 December 2022 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 nine month period ended 30 September 2023 (continued)

6 Financial investments

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

	At 30 September 2023 (Unaudited) AED '000	At 31 December 2022 (Audited) AED '000
At fair value through profit or loss	1,150,512	1,064,065
At fair value through other comprehensive income	757,080	643,452
At amortised cost	1,910,275	1,778,059
Less: allowance for impairment as per IFRS 9 on investments at amortised cost	(992)	(3,240)
	3,816,875	3,482,336

The fair value of the quoted debt instruments held at amortised cost as at 30 September 2023 amounted to AED 1,722,130 thousand (31 December 2022: AED 1,619,260 thousand). These bonds carry interests at the rates of 0.55% to 7.58% (31 December 2022: 1% to 7.50%) per annum.

As part of SIAB arrangement, OIC on behalf of 'OIC Corporate Member Limited' has pledged certain bonds having nominal value of USD 31,880 thousand (equivalent to AED 117,079 thousand) to be held at Lloyd's deposit with the beneficial ownership remaining with Oman Insurance Company P.S.C. The net book value of these bonds was AED 126,875 thousand as at 30 September 2023.

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 2022 (Audited)	446,916	613,386	1,660,273	2,720,575
Purchases	196,064	278,641	375,505	850,210
Transfer of unit linked portfolio (note 24(b))	688,737	-	-	688,737
Disposals	(145,997)	(273,042)	-	(419,039)
Maturities	-	-	(254,168)	(254,168)
Amortisation	-	-	(5,166)	(5,166)
Movement in accrued interest	-	-	1,380	1,380
Changes in fair value	(121,655)	24,467	-	(97,188)
Release of impairment	-	-	1,173	1,173
Sale of subsidiary (note 3.3)	-	-	(4,178)	(4,178)
At 31 December 2022 (Audited)	1,064,065	643,452	1,774,819	3,482,336
Purchases	227,167	220,594	217,796	665,557
Disposals	(277,205)	(230,449)	-	(507,654)
Maturities	-	-	(82,719)	(82,719)
Amortisation	-	-	(1,728)	(1,728)
Movement in accrued interest	-	-	1,070	1,070
Changes in fair value	135,574	63,958	-	199,532
Release of impairment	-	-	45	45
Acquisition of subsidiary (note 3.3)	911	59,525	-	60,436
At 30 September 2023 (Unaudited)	1,150,512	757,080	1,909,283	3,816,875

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

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)

7 Insurance contract assets and liabilities

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	LRC		LIC for	LIC for contracts under PAA		Total
	Excluding loss component (Unaudited) AED '000	Loss component (Unaudited) AED '000	contracts not under PAA (Unaudited) AED '000	Present value of future cash flows (Unaudited) AED '000	Risk adjustment for non-fin-risk (Unaudited) AED '000	(Unaudited) AED '000
Opening insurance contract liabilities	884,138	330	3,383	2,536,367	194,619	3,618,837
Opening insurance contract assets	(1,887)	204	-	879	88	(716)
Net balance as at 1 January 2023	882,251	534	3,383	2,537,246	194,707	3,618,121
Insurance revenue	(3,356,582)	-	-	-	-	(3,356,582)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	5,363	2,249,979	54,760	2,310,102
Changes that relate to past service -adjustments to the LIC	-	-	(33)	(4,483)	(36,363)	(40,879)
Losses on onerous contracts and reversal of those losses	-	296	-	-	-	296
Insurance acquisition cash flows amortisation	387,351	-	-	-	-	387,351
Insurance service expenses	387,351	296	5,330	2,245,496	18,397	2,656,870
Insurance service result	(2,969,231)	296	5,330	2,245,496	18,397	(699,712)
Finance (income)/expenses from insurance contracts issued	(606)	33	-	63,130	4,871	67,428
Total amounts recognised in comprehensive income	(2,969,837)	329	5,330	2,308,626	23,268	(632,284)
Investment components	(7,817)	-	7,817	-	-	-
Acquisition of a subsidiary (note 3.3)	49,637	13,638	-	81,713	1,506	146,494
Cash flows						
Premiums received	3,328,917	-	-	-	-	3,328,917
Claims and other directly attributable expenses paid	-	-	(15,794)	(1,984,643)	-	(2,000,437)
Insurance acquisition cash flows	(402,671)	-	-	-	-	(402,671)
Total cash flows	2,926,246	-	(15,794)	(1,984,643)	-	925,809
Net balance as at 30 September 2023	880,480	14,501	736	2,942,942	219,481	4,058,140
Closing insurance contract liabilities	881,032	14,501	736	2,942,577	219,445	4,058,291
Closing insurance contract assets	(552)	-	-	365	36	(151)
Net balance as at 30 September 2023	880,480	14,501	736	2,942,942	219,481	4,058,140

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

7 Insurance contract assets and liabilities (continued)

	LRC		LIC for contracts not under PAA	LIC for contracts under PAA		Total
	Excluding loss component (Unaudited) AED '000	Loss component (Unaudited) AED '000	(Unaudited) AED '000	Present value of future cash flows (Unaudited) AED '000	Risk adjustment for non-fin-risk (Unaudited) AED '000	(Unaudited) AED '000
Opening insurance contract liabilities	706,743	-	1,757	2,642,475	200,582	3,551,557
Opening insurance contract assets	(669)	-	-	(3)	-	(672)
Net balance as at 1 January 2022	706,074	-	1,757	2,642,472	200,582	3,550,885
Insurance revenue	(3,875,120)	-	-	-	-	(3,875,120)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	12,602	2,343,806	76,096	2,432,504
Changes that relate to past service -adjustments to the LIC	-	-	267	-	(79,407)	(79,140)
Losses on onerous contracts and reversal of those losses	-	534	-	-	-	534
Insurance acquisition cash flows amortisation	469,013	-	-	-	-	469,013
Insurance service expenses	469,013	534	12,869	2,343,806	(3,311)	2,822,911
Insurance service result	(3,406,107)	534	12,869	2,343,806	(3,311)	(1,052,209)
Finance expenses from insurance contracts issued	(455)	-	-	(26,013)	(2,564)	(29,032)
Total amounts recognised in comprehensive income	(3,406,562)	534	12,869	2,317,793	(5,875)	(1,081,241)
Investment components	(13,295)	-	13,295	-	-	-
Elimination on sale of subsidiary	(2,527)	-	-	(139,859)	-	(142,386)
Cash flows						
Premiums received	4,089,432	-	-	-	-	4,089,432
Claims and other directly attributable expenses paid	-	-	(24,538)	(2,283,160)	-	(2,307,698)
Insurance acquisition cash flows	(490,871)	-	-	-	-	(490,871)
Total cash flows	3,598,561	-	(24,538)	(2,283,160)	-	1,290,863
Net balance as at 31 December 2022	882,251	534	3,383	2,537,246	194,707	3,618,121
Closing insurance contract liabilities	884,138	330	3,383	2,536,367	194,619	3,618,837
Closing insurance contract assets	(1,887)	204	-	879	88	(716)
Net balance as at 31 December 2022	882,251	534	3,383	2,537,246	194,707	3,618,121

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)

7 Insurance contract assets and liabilities (continued)

Reconciliation of measurement component of insurance contract balances not measured under the PAA

	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	(Unaudited) AED '000	(Unaudited) AED '000	(Unaudited) AED '000	(Unaudited) AED '000
Opening insurance contract liabilities	99,057	4,900	25,675	129,632
Opening insurance contract assets	(1,139)	244	586	(309)
Net balance as at 1 January 2023	97,918	5,144	26,261	129,323
Changes that relate to current service				
CSM recognised for the services provided	-	-	(2,629)	(2,629)
Change in the risk adjustment for non- financial risk for the risk expired	-	(483)	-	(483)
Experience adjustments-premium and associated cashflows	1,208	-	-	1,208
Experience adjustments-relating to insurance service expenses	(7,472)	-	-	(7,472)
	(6,264)	(483)	(2,629)	(9,376)
Changes that relate to future service				
Changes in estimates that adjust the CSM	735	(109)	(626)	-
Changes in estimates that results in onerous contract losses or reversals of such losses	1,333	(132)	-	1,201
Contracts initially recognised in the period	(7,801)	659	7,347	205
Experience adjustment - arising from premiums received in the period that relate to future service	8,537	-	(8,537)	-
	2,804	418	(1,816)	1,406
Insurance service result	(3,460)	(65)	(4,445)	(7,970)
Finance expenses from insurance contracts issued	1,149	49	5,335	6,533
Total amounts recognised in comprehensive income	(2,311)	(16)	890	(1,437)
Cash flows				
Premiums received	37,752	-	-	37,752
Claims and other directly attributable expenses paid	(15,795)	-	-	(15,795)
Insurance acquisition cash flows	(7,384)	-	-	(7,384)
Total cash flows	14,573	-	-	14,573
Net balance as at 30 September 2023	110,180	5,128	27,151	142,459
Closing insurance contract liabilities	110,180	5,128	27,151	142,459
Closing insurance contract assets	-	-	-	-
Net balance as at 30 September 2023	110,180	5,128	27,151	142,459

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

7 Insurance contract assets and liabilities (continued)

	Present value of future cash flows (Unaudited) AED '000	Risk adjustment for non- financial risk (Unaudited) AED '000	CSM (Unaudited) AED '000	Total (Unaudited) AED '000
Opening insurance contract liabilities	107,803	5,087	19,715	132,605
Opening insurance contract assets	(1,744)	129	956	(659)
Net balance as at 1 January 2022	106,059	5,216	20,671	131,946
Changes that relate to current service				
CSM recognised for the services provided	-	-	(2,908)	(2,908)
Change in the risk adjustment for non- financial risk for the risk expired	-	(803)	-	(803)
Experience adjustments-premium and associated cashflows	6,065	-	-	6,065
Experience adjustments-relating to insurance service expenses	(4,714)	-	-	(4,714)
	1,351	(803)	(2,908)	(2,360)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(10,610)	(29)	10,639	-
Changes in estimates that results in onerous contract losses or reversals of such losses	797	(177)	-	620
Contracts initially recognised in the period	(13,333)	1,022	12,311	-
Experience adjustment - arising from premiums received in the period that relate to future service	4,379	-	(4,379)	-
	(18,767)	816	18,571	620
Insurance service result	(17,416)	13	15,663	(1,740)
Finance expenses/(income) from insurance contracts issued	410	(85)	(10,073)	(9,748)
Total amounts recognised in comprehensive income	(17,006)	(72)	5,590	(11,488)
Cash flows				
Premiums received	44,724	-	-	44,724
Claims and other directly attributable expenses paid	(24,535)	-	-	(24,535)
Insurance acquisition cash flows	(11,324)	-	-	(11,324)
Total cash flows	8,865	-	-	8,865
Net balance as at 31 December 2022	97,918	5,144	26,261	129,323
Closing insurance contract liabilities	99,057	4,900	25,675	129,632
Closing insurance contract assets	(1,139)	244	586	(309)
Net balance as at 31 December 2022	97,918	5,144	26,261	129,323

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)

8 Reinsurance contracts assets and liabilities

Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims

	Remaining coverage excluding loss-recovery component (Unaudited) AED '000	Remaining coverage - loss-recovery component (Unaudited) AED '000	Incurred claims for contracts not under PAA (Unaudited) AED '000	Incurred claims for contracts under PAA		Total (Unaudited) AED '000
				Present value of future cash flows (Unaudited) AED '000	Risk adj. for non-financial risk (Unaudited) AED '000	
Opening reinsurance contract liabilities	(11,553)	-	-	6,080	428	(5,045)
Opening reinsurance contract assets	203,665	-	2,046	2,009,806	158,175	2,373,692
Net balance as at 1 January 2023	192,112	-	2,046	2,015,886	158,603	2,368,647
Net income/(expense) from reinsurance contracts held						
Reinsurance expenses	(1,925,750)	-	-	-	-	(1,925,750)
Incurred claims recovery	-	-	(1,655)	1,226,814	44,658	1,269,817
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	145,267	(34,245)	111,022
Income on initial recognition of onerous underlying contracts	-	205	-	-	-	205
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	(136)	-	-	-	(136)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	1,780	-	-	-	1,780
Effect of changes in risk of reinsurers' non-performance	-	-	-	11	-	11
Net (expense)/income from reinsurance contracts held	(1,925,750)	1,849	(1,655)	1,372,092	10,413	(543,051)
Finance income from reinsurance contracts held	2,493	5	-	52,076	4,087	58,661
Total amounts recognised in comprehensive income	(1,923,257)	1,854	(1,655)	1,424,168	14,500	(484,390)
Acquisition of a subsidiary (note 3.3)	(3,050)	1,871	-	19,202	679	18,702
Cash flows						
Premiums paid net of ceding commissions	1,963,901	-	-	-	-	1,963,901
Recoveries from reinsurance	-	-	125	(1,233,392)	-	(1,233,267)
Total cash flows	1,963,901	-	125	(1,233,392)	-	730,634
Net balance as at 30 September 2023	229,706	3,725	516	2,225,864	173,782	2,633,593
Closing reinsurance contract liabilities	(14,198)	48	-	8,266	467	(5,417)
Closing reinsurance contract assets	243,904	3,677	516	2,217,598	173,315	2,639,010
Net balance as at 30 September 2023	229,706	3,725	516	2,225,864	173,782	2,633,593

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

8 Reinsurance contracts assets and liabilities (continued)

	Remaining coverage excluding loss- recovery component	Remaining coverage - loss- recovery component	Inurred claims for contracts not under PAA	Inurred claims for contracts under PAA		Total
	(Unaudited)	(Unaudited)	(Unaudited)	Present value of future cash flows	Risk adj. for non-financial risk	(Unaudited)
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Opening reinsurance contract liabilities	(11,712)	-	-	8,114	582	(3,016)
Opening reinsurance contract assets	243,055	-	1,097	2,039,036	161,358	2,444,546
Net balance as at 1 January 2022	231,343	-	1,097	2,047,150	161,940	2,441,530
Net income/(expense) from reinsurance contracts held						
Reinsurance expenses	(2,134,333)	-	-	-	-	(2,134,333)
Inurred claims recovery	-	-	1,082	1,565,869	63,846	1,630,797
Changes that relate to past service-changes in the FCF relating to inurred claims recovery	-	-	-	(231,849)	(65,103)	(296,952)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-	-
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	4	-	-	-	4
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(4)	-	-	-	(4)
Effect of changes in risk of reinsurers' non-performance	-	-	(4)	44	(3)	37
Net (expense)/income from reinsurance contracts held	(2,134,333)	-	1,078	1,334,064	(1,260)	(800,451)
Finance income/(expense) from reinsurance contracts held	3,571	-	-	(21,922)	(2,077)	(20,428)
Total amounts recognised in comprehensive income	(2,130,762)	-	1,078	1,312,142	(3,337)	(820,879)
Elimination on sale of subsidiary	(33,436)	-	-	(75,396)	-	(108,832)
Cash flows						
Premiums paid net of ceding commissions	2,124,967	-	-	(48)	-	2,124,919
Recoveries from reinsurance	-	-	(129)	(1,267,962)	-	(1,268,091)
Total cash flows	2,124,967	-	(129)	(1,268,010)	-	856,828
Net balance as at 31 December 2022	192,112	-	2,046	2,015,886	158,603	2,368,647
Closing reinsurance contract liabilities	(11,553)	-	-	6,080	428	(5,045)
Closing reinsurance contract assets	203,665	-	2,046	2,009,806	158,175	2,373,692
Net balance as at 31 December 2022	192,112	-	2,046	2,015,886	158,603	2,368,647

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

8 Reinsurance contracts assets and liabilities (continued)

Reconciliation of measurement component of reinsurance contract balances not measured under the PAA

	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	(Unaudited) AED '000	(Unaudited) AED '000	(Unaudited) AED '000	(Unaudited) AED '000
Opening reinsurance contract liabilities	-	-	-	-
Opening reinsurance contract assets	(20,522)	1,424	28,301	9,203
Net balance as at 1 January 2023	(20,522)	1,424	28,301	9,203
Changes that relate to current service				
CSM recognised in profit or loss for the services received	-	-	(2,452)	(2,452)
Change in the risk adjustment for non- financial risk for the risk expired	-	(144)	-	(144)
Experience adjustments-relating to incurred claims and other directly attributable expenses recovery	(4,553)	-	-	(4,553)
	(4,553)	(144)	(2,452)	(7,149)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(713)	(218)	931	-
Contracts initially recognised in the period	(10,309)	861	9,448	-
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	204	204
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	1,688	1,688
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	4,434	-	(4,434)	-
	(6,588)	643	7,837	1,892
Net (expense)/income from reinsurance contracts held	(11,141)	499	5,385	(5,257)
Finance income/(expenses) from reinsurance contracts held	1,738	(256)	1,017	2,499
Total amounts recognised in comprehensive income	(9,403)	243	6,402	(2,758)
Other changes	-	-	-	-
Cash flows				
Premiums paid net of ceding commissions	3,909	-	-	3,909
Recoveries from reinsurance	125	-	-	125
Total cash flows	4,034	-	-	4,034
Net balance as at 30 September 2023	(25,891)	1,667	34,703	10,479
Closing reinsurance contract liabilities	-	-	-	-
Closing reinsurance contract assets	(25,891)	1,667	34,703	10,479
Net balance as at 30 September 2023	(25,891)	1,667	34,703	10,479

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

8 Reinsurance contracts assets and liabilities (continued)

	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED '000	AED '000	AED '000	AED '000
Opening reinsurance contract assets	-	-	-	-
Opening reinsurance contract liabilities	(14,374)	1,032	19,657	6,315
Net balance as at 1 January 2022	(14,374)	1,032	19,657	6,315
Changes that relate to current service				
CSM recognised in profit or loss for the services received	-	-	(2,376)	(2,376)
Change in the risk adjustment for non- financial risk for the risk expired	-	(145)	-	(145)
Experience adjustments-relating to incurred claims and other directly attributable expenses recovery	(1,763)	-	-	(1,763)
	(1,763)	(145)	(2,376)	(4,284)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(3,372)	(107)	3,479	-
Contracts initially recognised in the period	(11,494)	1,012	10,482	-
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	-	-
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(4)	(4)
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	4,007	-	(4,007)	-
	(10,859)	905	9,950	(4)
Net (expense)/income from reinsurance contracts held	(12,622)	760	7,574	(4,288)
Finance income/(expenses) from reinsurance contracts held	2,869	(368)	1,070	3,571
Total amounts recognised in comprehensive income	(9,753)	392	8,644	(717)
Other changes	-	-	-	-
Cash flows				
Premiums paid net of ceding commissions	3,734	-	-	3,734
Recoveries from reinsurance	(129)	-	-	(129)
Total cash flows	3,605	-	-	3,605
Net balance as at 31 December 2022	(20,522)	1,424	28,301	9,203
Closing reinsurance contract assets	-	-	-	-
Closing reinsurance contract liabilities	(20,522)	1,424	28,301	9,203
Net balance as at 31 December 2022	(20,522)	1,424	28,301	9,203

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

9 Prepayments and other receivables

	At 30 September 2023 (Unaudited) AED '000	Restated at 31 December 2022 (Unaudited) AED '000
Accrued income	4,265	2,460
Prepayments	18,081	21,425
Staff debtors and allowances	6,519	6,536
Other receivables (net of expected credit losses)	276,495	159,837
	305,360	190,258

10 Share capital

	At 30 September 2023 (Unaudited) AED '000	At 31 December 2022 (Audited) AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2022: 461,872,125 shares of AED 1 each)	461,872	461,872

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 2022 (Audited)	231,051	303,750	933,051	17,189	8,702	1,493,743
Transfer from retained earnings*	-	-	-	-	10,836	10,836
Transfer to retained earnings**	(115)	-	-	-	-	(115)
At 30 September 2022 (Unaudited)	230,936	303,750	933,051	17,189	19,538	1,504,464
At 1 January 2023 (Audited)	230,936	303,750	933,051	18,255	21,588	1,507,580
Transfer from retained earnings*	-	-	-	-	9,802	9,802
At 30 September 2023 (Unaudited)	230,936	303,750	933,051	18,255	31,390	1,517,382

* In accordance with Article 34 of the CBUAE's Board of Directors Decision No. (23) of 2019, the Group has transferred to the reinsurance regulatory reserve AED 9,802 thousand for the nine month period ended 30 September 2023 (30 September 2022: AED 10,836 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.

** Statutory reserve of AED 115 thousand was transferred to retained earnings on the sale of Dubai Sigorta A.Ş.

12 Bank borrowings

	At 30 September 2023 (Unaudited) AED '000	At 31 December 2022 (Audited) AED '000
Short term bank loans	86,000	-

Short term bank loans are secured by assignment of certain bonds in favor of financial institutions. These loans carry a fixed interest rate of 5.79% per annum. Short term loans are utilised for Group's operational activities.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

13 Earnings per share

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited)	(Restated) 2022 (Unaudited)	2023 (Unaudited)	(Restated) 2022 (Unaudited)
Profit for the period attributable to the Owners of the Company (AED '000)	63,684	68,234	185,311	205,592
Weighted average number of shares	461,872,125	461,872,125	461,872,125	461,872,125
Basic and diluted earnings per share (AED)	0.14	0.15	0.40	0.45

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 nine month period ended 30 September	
	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
Deposits with banks maturing within three months	164,771	149,326
Current accounts and cash	151,911	193,594
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows	316,682	342,920
Less: allowance for impairment as per IFRS 9	(122)	(163)
Cash and cash equivalents	316,560	342,757

The interest rates on fixed deposits and call accounts with banks range from 0.15% to 6.3 % (31 December 2022: 0.6% to 6%) per annum. Certain bank balances and deposits with carrying amount of AED 5,719 thousand at 30 September 2023 (31 December 2022: AED 7,764 thousand) are subject to lien in respect of guarantees.

15 Insurance revenue

The following table presents an analysis of insurance revenue recognised in the period.

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
Amounts relating to changes in the LRC:				
- Expected incurred claims and other directly attributable expenses	4,154	3,027	10,641	7,683
- Change in risk adjustment for non- financial risk for the risk expired	165	94	628	577
- CSM recognised for the services provided	856	711	2,629	2,200
Insurance acquisition cash flow recovery	1,214	754	3,135	1,933
Contracts not measured under PAA	6,389	4,586	17,033	12,393
Contracts measured under PAA	1,160,920	1,021,983	3,339,549	2,821,413
Total insurance revenue	1,167,309	1,026,569	3,356,582	2,833,806

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

16 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.

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

	At 30 September 2023 (Unaudited) AED'000	At 31 December 2022 (Audited) AED'000
<i>Balances with a Major shareholder:</i>		
Cash and cash equivalents	36,951	11,715
Financial investments	126,044	86,633
Statutory deposits	-	10,000
Bank borrowings	86,000	-
<i>Due from/(to) a Major shareholder:</i>		
Net insurance receivables	14,843	4,353
Net insurance and other payables	(2,361)	(188)
<i>Due from/(to) Directors and businesses over which they exercise significant management influence:</i>		
Net insurance receivables	9,449	6,935
Net insurance and other payables	(3,344)	(3,178)

16.2 Transactions with related parties:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
<i>Transactions arising from insurance contracts with a Major shareholder:</i>				
Insurance premiums	20,672	26,668	99,515	78,226
Claims settled	(14,836)	(9,993)	(36,983)	(26,292)
<i>Other transactions with a Major shareholder:</i>				
Interest income	102	146	252	408
Dividend income	-	-	5,452	606
Interest and other expenses	(1,917)	(657)	(3,922)	(2,013)
Rental expense	(1,647)	(1,571)	(4,873)	(4,662)
<i>Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:</i>				
Insurance premiums	5,282	1,158	32,429	35,342
Claims settled	(1,539)	(7,577)	(6,382)	(11,324)
<i>Other transactions with Directors and businesses over which they exercise significant management influence:</i>				
Other investment expenses	(1,636)	(1,555)	(4,872)	(4,523)

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

16 Related party balances and transactions (continued)

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.

16.3 Compensation of key management personnel

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
Directors' fees	(562)	(562)	(1,687)	(1,687)
Salaries and benefits	(1,232)	(1,190)	(3,888)	(3,767)
End of service benefits	(37)	(34)	(147)	(135)
	<u>(1,831)</u>	<u>(1,786)</u>	<u>(5,722)</u>	<u>(5,589)</u>

17 Contingent liabilities

As at 30 September 2023, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 51 million (31 December 2022: AED 81 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.

18 Commitments

	At 30 September 2023 (Unaudited) AED '000	At 31 December 2022 (Audited) AED '000
Commitments in respect of uncalled subscription of financial investments	<u>32,842</u>	<u>36,331</u>
Capital commitments towards acquisitions of property and equipment and intangible assets	<u>15,985</u>	<u>21,654</u>

19 Location of assets

Geographical locations of assets are disclosed below:

	At 30 September 2023 (Unaudited)			At 31 December 2022 (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	39,410	982	40,392	41,127	153	41,280
Investment properties	477,834	-	477,834	464,840	-	464,840
Statutory deposits	56,479	138,553	195,032	45,563	138,528	184,091
Financial investments at FVTOCI	375,234	381,846	757,080	272,552	370,900	643,452
Financial investments at FVTPL	12,952	1,137,560	1,150,512	17,537	1,046,528	1,064,065
Financial investments at amortised cost	819,576	1,089,707	1,909,283	866,226	908,593	1,774,819
Deposits with banks and cash and cash equivalents	882,076	123,542	1,005,618	706,494	81,922	788,416
	<u>2,663,561</u>	<u>2,872,190</u>	<u>5,535,751</u>	<u>2,414,339</u>	<u>2,546,624</u>	<u>4,960,963</u>

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)

20 Segment information

For management purposes, the Group is organised into three business segments: general insurance including medical, life insurance including and investments. The general insurance segment comprises property, engineering, energy, motor, general accident, aviation, marine and medical risks. The life insurance segment includes individual life (participating and non-participating), 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 segment information to the Chief Operating Decision Maker.

20.1 Segment results by operating segments

	For the nine month period ended 30 September (Unaudited)					
	Non-Life insurance		Life insurance		Total	
	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Insurance service result from insurance contracts issued	650,834	837,841	48,878	38,637	699,712	876,478
Net expense from reinsurance contracts held	(510,518)	(646,580)	(32,533)	(25,315)	(543,051)	(671,895)
Insurance service result	140,316	191,261	16,345	13,322	156,661	204,583
Net investment income					125,178	95,681
Net insurance finance expenses					(13,308)	(2,631)
General and administrative expenses					(80,054)	(75,168)
Board of directors' remuneration					(1,687)	(1,687)
Finance cost					(1,923)	-
Loss on sale of subsidiary (note 3.3)					-	(25,960)
Other income – net					985	15,452
Profit before tax					185,852	210,270
Income tax expenses					(976)	(4,678)
Profit for the period					184,876	205,592
Attributable to:						
Owners of the Company					185,311	205,592
Non-controlling interests					(435)	-
Profit for the period					184,876	205,592

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

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)

20 Segment information (continued)

20.2 Segment results by geographical distribution

	For the nine month period ended 30 September (Unaudited)					
	GCC		Non GCC		Total	
	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Insurance service result from insurance contracts issued	691,514	884,765	8,198	(8,287)	699,712	876,478
Net expense from reinsurance contracts held	(534,784)	(682,755)	(8,267)	10,860	(543,051)	(671,895)
Insurance service result	156,730	202,010	(69)	2,573	156,661	204,583
Net investment income	124,878	79,043	300	16,638	125,178	95,681
Net insurance finance expenses	(12,716)	(2,631)	(592)	-	(13,308)	(2,631)
General and administrative expenses	(80,054)	(69,462)	-	(5,706)	(80,054)	(75,168)
Board of directors' remuneration	(1,687)	(1,687)	-	-	(1,687)	(1,687)
Finance cost	(1,923)	-	-	-	(1,923)	-
Loss on sale of subsidiary (note 3.3)	-	(25,960)	-	-	-	(25,960)
Other income/(expense) – net	2,152	13,298	(1,167)	2,154	985	15,452
Profit/(loss) before tax	187,380	194,611	(1,528)	15,659	185,852	210,270
Income tax expenses	(976)	(1,999)	-	(2,679)	(976)	(4,678)
Profit/(loss) for the period	186,404	192,612	(1,528)	12,980	184,876	205,592
Attributable to:						
Owners of the Company	186,839	192,612	(1,528)	12,980	185,311	205,592
Non-controlling interests	(435)	-	-	-	(435)	-
Profit/loss for the period	186,404	192,612	(1,528)	12,980	184,876	205,592

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

20 Segment information (continued)

20.3 Segment assets and liabilities by operating segments

At 30 September 2023 (unaudited)

	Non-Life insurance AED '000	Life insurance AED '000	Investments AED '000	Total AED '000
Segment assets	4,035,742	1,366,981	3,163,004	8,565,727
Segment liabilities	4,511,472	1,328,767	-	5,840,239

At 31 December 2022 (unaudited)

	Non-Life insurance AED '000	Life insurance AED '000	Investments AED '000	Total AED '000
Segment assets	3,459,650	1,254,586	2,899,731	7,613,967
Segment liabilities	3,813,182	1,250,030	-	5,063,212

21 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.

21.1 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.

21.2 Fair value of financial items carried at fair value

21.2.1 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 2022.

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



Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2023 (continued)

21 Fair value measurements (continued)

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

21.2.2 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					
	30 September 2023	31 December 2022				
	AED'000 (Unaudited)	AED'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets measured at FVTPL						
Unit linked investments	1,131,705	1,047,445	Level 2	Quoted prices in a secondary market	None	Not applicable
Quoted equity investments	18,807	16,620	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial assets measured at FVTOCI						
Quoted equity and bond investments	627,854	525,821	Level 1	Quoted bid prices in an active market	None	Not applicable
Quoted fund	83,335	80,072	Level 2	Quoted prices in a secondary market	None	Not applicable
Unquoted equity and private equity fund	45,891	37,559	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.
Financial liabilities measured at FVTPL						
Investment contract liabilities	1,056,832	994,591	Level 2	Quoted prices in a 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 nine month period ended 30 September 2023 (continued)

21 Fair value measurements (continued)

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

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

	At 30 September 2023 (Unaudited) AED '000	At 31 December 2022 (Audited) AED '000
Balance at the beginning of the period/year	37,559	40,753
Disposals during the period/year	(12,360)	(13,681)
Changes in fair value recognised in other comprehensive income	10,201	10,487
Acquisition of subsidiary	10,491	-
Balance at the end of the period/year	<u>45,891</u>	<u>37,559</u>

22 Seasonality of results

Net investment income includes dividend income of AED 39,104 thousand for the nine month period ended 30 September 2023 (30 September 2022: AED 27,420 thousand), which is of a seasonal nature.

23 Dividends

At the Annual General Meeting held on 27 March 2023, 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 2022 (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).

24 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, Sukoon and Assicurazioni Generali S.p.A acting through its branch office in the UAE ("Generali UAE") signed an agreement to transfer the unit linked life insurance portfolio of Generali UAE to Sukoon. The migration of the portfolio was completed on 21 November 2022 (portfolio transfer date) after obtaining necessary approvals from the regulators (the CBUAE and The Institute for the Supervision of Insurance (IVASS) in Italy). On the portfolio transfer date, the Group recognised unit linked assets and unit linked liabilities amounting to AED 688,737 thousand each in the consolidated statement of financial position.
- On 6 October 2022, Oman Insurance Company P.S.C. ("OIC") changed its brand identity to Sukoon Insurance ("Sukoon"). Sukoon is a registered trademark of Oman Insurance Company P.S.C. The new corporate identity reinforces OIC's deep-rooted heritage in the region and reflects its position as a modern insurer that has pioneered innovation, provided unrivalled quality of service, and stood rock-solid to fulfil customer and partner obligations.
- On 24 August 2023, Sukoon and Chubb Tempest Life Reinsurance Ltd. acting through its branch office in the UAE ("Chubb UAE") signed an agreement to transfer the life insurance portfolio of Chubb UAE to Sukoon. This portfolio transfer is expected to be completed by December 2023 subject to obtaining the necessary regulatory approvals.

25 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 25 October 2023.