



Reinsurance Protection Beyond Expectations

ANNUAL REPORT 2024

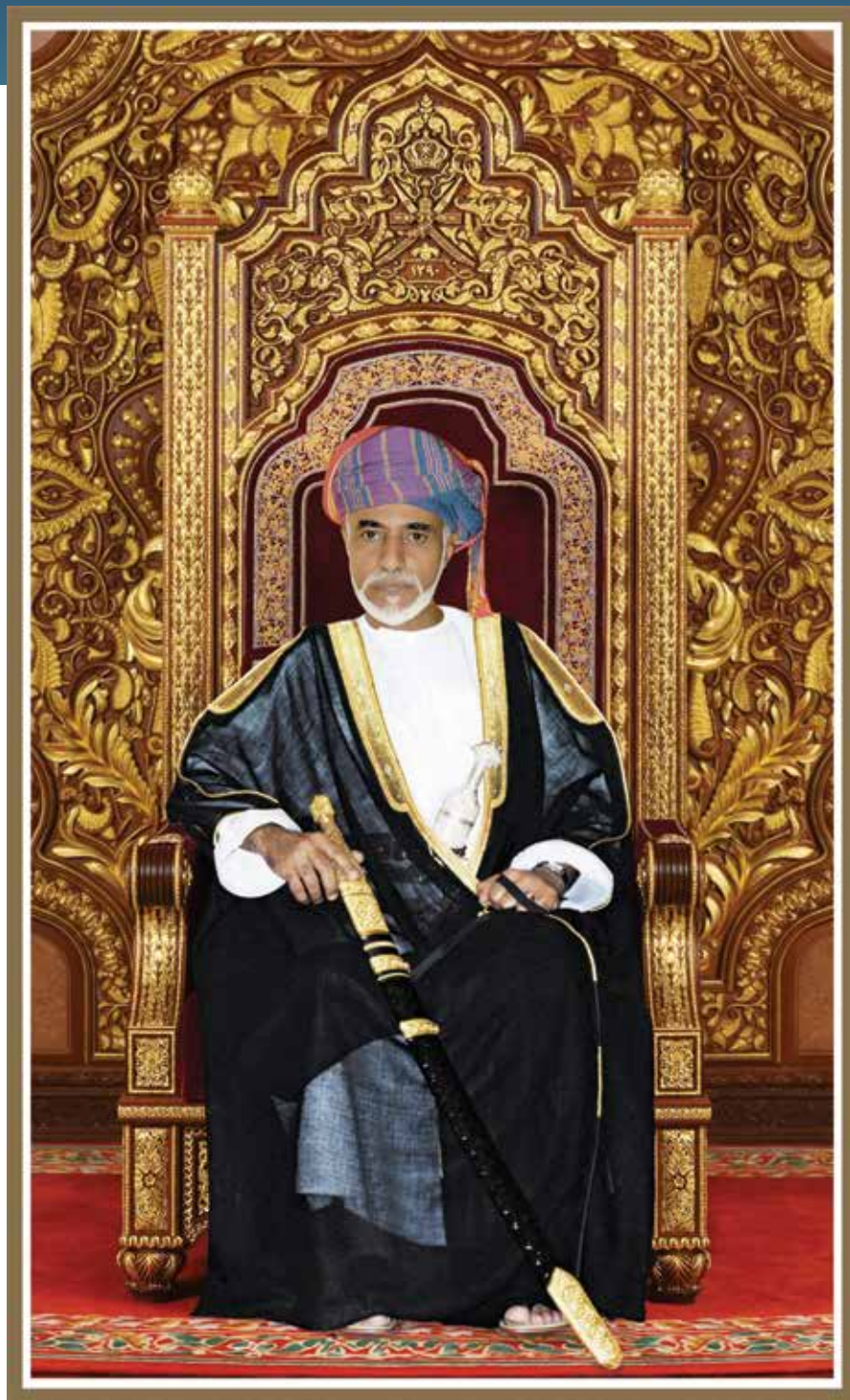
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Annual Report 2024



His Majesty Sultan Haitham bin Tarik



His Majesty Sultan Qaboos Bin Said (Late)



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BOARD OF DIRECTORS



Dr. Juma Bin Ali Al Juma
Chairman



Sheikh Nasser Bin Ali Bin Saud Al Thani
Deputy Chairman



Mr. Kamal Tabaja
Director



Mr. Mohammed El Ailah
Director



Sayyid Mohamed Bin Said Al Busaid
Director



Mr. Gamal Mohamed
Director



Mr. Pramod Kumar Hiran
Director

EXECUTIVE MANAGEMENT



Romel Tabaja
Chief Executive Officer



Khaled Nouri
Chief Operating Officer



Muzamil Hussain
Chief Financial Officer

Directors' Report

Dear Shareholders,

After Compliments,

The Board of Directors is pleased to present the Annual Report of Oman Reinsurance Company S.A.O.G. ("Oman Re" or "the Company") along with the audited financial statements for the year ended 31st December 2024. Details about basis of preparation of financial statements can be found in the notes to the audited financial statements.

The financial highlights for the year 2024 are summarized below:

	31 December 2024	31 December 2023
	OMR	OMR
Reinsurance revenue	49,894,863	42,100,184
Reinsurance service results	2,932,777	3,581,614
Net reinsurance results	2,042,509	2,743,530
Investment and other income, net	3,455,991	2,713,361
General and administrative expenses	(1,605,439)	(1,676,514)
Foreign exchange losses, net	(298,048)	(764,004)
Net profit after tax for the year	3,011,199	2,555,695

The strong pricing trends that began in 2022 continued into the first half of 2024, reinforced by significant events such as the Dubai Floods. However, as the year progressed, pricing for loss-free accounts faced pressure due to increased market capacity. Oman Re maintained its prudent underwriting approach, leveraging favorable pricing conditions to strengthen its position in core markets and gradually expand its Facultative book of business.

In 2024, Oman Re experienced a lower attritional loss ratio in both Facultative and Treaty segments, despite higher Natural Catastrophe (Nat Cat) and large loss activity. Strong underwriting performance in the last quarter, combined with the positive impact of premium rate improvements since 2022, resulted in reinsurance service results of OMR 2.9 million.

During 2024, the company's reinsurance revenue grew by 19%, reaching OMR 49.9 million compared to OMR 42.1 million the previous year. Despite the challenges of higher Nat Cat activity and large losses, Oman Re continued to deliver robust underwriting results. Additionally, the company achieved strong investment performance, with investment income rising by 27% to OMR 3.5 million, up from OMR 2.7 million last year. This led to an 18% increase in net profit after tax, which reached OMR 3.0 million compared to OMR 2.6 million the previous year.

Business Environment and Key Initiatives during the year 2024

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

Over the years, Oman Re has made notable progress by means of various strategic initiatives, to strengthen its foothold in the Sultanate and in the wider territorial scope where it operates (Afro-Asian countries). Furthermore, support from a highly respected regulatory regime, the Financial Services Authority (FSA) and Qatar Financial

Center Regulatory Authority (QFCRA), the stable economic environment of the Sultanate are additional factors in instilling market confidence in the Company, and for the Company to become the preferred reinsurance partner in Oman, Qatar and the broader region.

As part of its long-term vision to be a key player in the Omani and broader MENA market, Oman Re undertook the following key activities during 2024:

- Oman Re played a leading role in delivering the 34th General Arab Insurance Federation (GAIF) Conference, held from 18–21 February 2024 at the Oman Convention and Exhibition Centre in Muscat. The event, jointly organized by the Oman Insurance Association (OIA) and the Financial Services Authority (FSA), was the largest GAIF Conference in its 60-year history, attracting over 2,250 insurance leaders and professionals from 60 countries. As a strategic partner of the conference, Oman Re gained excellent media exposure and new business opportunities, in addition to receiving positive feedback and appreciation from various stakeholders and delegates. Furthermore, Team Oman Re conducted over 150 formal meetings during the event in which Oman Re's team discussed and navigated the appropriate business opportunities with various reinsurance players in the region.
- The Company conducted two knowledge-sharing activities during the year: (i) the "Property, Power, and Renewables Insurance" workshop for 30 delegates from 14 local insurance companies in Egypt, held from 22 to 24 September in Cairo; and (ii) the "Risk Beyond Boundaries: Understanding Probable Maximum Loss from a Risk Engineering Perspective" workshop for 30 representatives from 10 local insurance companies in Oman, along with participants from the Financial Services Authority and the Ministry of Finance, held on 26 November in Muscat.
- Considering the increased frequency of natural catastrophe events in Oman in the recent years, Oman Re initiated - a national dialogue with the regulator and Oman Insurance Association in view of mitigation and management of natural catastrophes affecting the Sultanate since 2018. In November 2021, following Cyclone Shaheen, Oman Re conducted in coordination with the Local Insurance Authority, a workshop on this subject involving the Omani Insurance Association and all decision makers of the local insurance companies. All participants concurred on the importance of the establishment of a Nat Cat Pool for Omani market. A Steering Committee with representatives from six local companies and chaired by Oman Re was formed and is actively working on the various technical aspects of the reinsurance pool formation. Oman Re was elected by the steering committee as the Nat Cat Pool Manager, which will positively reinforce our status as the reinsurance leader in Oman and boost our brand image regionally. The steering committee submitted their proposal on the Motor Nat CAT pool section and FSA took the decision of the implementation of the Motor Scheme in 1st Quarter 2025. Motor Nat Cat cover will be a compulsory part of Motor TP Insurance Policy (Compulsory Insurance) and all local insurance companies must reinsure this compulsory product with Oman Re.
- Oman Re and the steering committee members agreed to focus on successful implementation of the Motor Nat Cat Scheme before submitting their recommendation with regards to the Non-Motor Nat Cat pool to the FSA.
- Retakaful Window: To have a competitive advantage in accessing the ReTakaful business, which is under a regulatory regimes which puts restrictions on the local Takaful Insurance Companies in ceding business to Non-Takaful Reinsurers, Oman Re initiated the discussion with FSA during 2022 to navigate the possibility to operate the ReTakaful business through a window and FSA issued a regulation which allows the company to apply for ReTakaful license. The Company obtained its license for Retakaful Window from FSA during 2024 which is valid till 14 February 2029. The Company has started operations of its Retakaful Window from 1 January 2025. The Retakaful Window will increase the product range of the Company and Company will be able to cater to its shariah compliant clients with more capacity.

Development of Omani Talent

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

- The Company extended great emphasis towards people development activities, whereby all staff members collectively undertook over 265 courses via three online learning platforms, namely (i) Oman Re Learning Hub for business skills courses as well as health and safety course; (ii) KnowBe4 platform for information security courses; and (iii) Thomson Reuters platform for the mandatory compliance course.
- Via the "Professional Certifications Incentive Scheme" at Oman Re, 30 staff members were engaged with various global qualifications from UK-based institutions, such as the Chartered Insurance Institute (CII), the Association of Chartered Certified Accountants (ACCA), the International Compliance Association (ICA), the Chartered Institute of Personnel and Development (CIPD), and the following USA-based institutions - the Insurance Institute of America (The Institutes), and the Association of Certified Fraud Examiners (ACFE). 10 staff members completed their respective qualifications during the year.
- 70 participants undertook 20 courses locally, regionally and internationally during the year within the technical, business skills and management domains. Additionally, all staff members participated in the Team Building Activity in May.
- Under the umbrella of Oman Insurance Association (OIA), Oman Re collaborated with the Foundation for Insurance and Finance Education (FIFE), Bahrain to conduct "Professional Certifications" webinar in September; and with Ripple Effect, Switzerland to conduct "Environmental, Social and Governance (ESG) Awareness" webinar in November. Both webinars were hosted by Oman Re with over 100 registrations each from the local insurance community.

Corporate Social Responsibility (CSR)

Oman Re is fully committed to be a responsible business by contributing back to the society in which it operates. During 2024, Oman Re contributed the following to different charitable causes:

S.No.	Particulars	Amount In OMR
1	Imam Jaber Bin Zaid Waqf Foundation	2,000
2	Umm Al Qura Mosque	1,500
3	Special Olympics Oman	3,000
4	Oman Charitable Organisation	2,500
5	Cancer Association of Oman	2,000
6	Omani Lawyer Association (Fak Korba Initiative)	2,000
TOTAL		13,000

The Company will extend its CSR activities during 2025 in respect of health in general and will also support the underprivileged members of society. The Company is planning to spend OMR 20,000 with respect to CSR activities in 2025.

Financial Performance

Reinsurance Revenue

During the year 2024, the total reinsurance revenue was OMR 49.9 million compared to OMR 42.1 million in 2023, an increase of 19% year on year. Treaty increased by 17% to reach OMR 24.7 million compared to OMR 21.2 million in 2023; Facultative increased by 21% to reach OMR 25.1 million compared to OMR 20.9 million in 2023.

Reinsurance Service Expense

The reinsurance service expense in IFRS 17 is composed of three components i.e. incurred claims and other insurance service expenses, amortisation of insurance acquisition cashflows and adjustment for liabilities for incurred claims. The details are given below:

(Amounts in OMR)

Sr. No.	Description	2024	2023
1.	Incurred claims and other insurance service expenses	34,361,015	18,445,668
2.	Amortization of insurance acquisition cash flows	12,069,571	10,574,127
3.	Adjustments to liabilities for incurred claims	1,711,168	7,864,355
	Reinsurance service expense	48,141,754	36,884,150

General and Administrative Expenses

IFRS 17 requires the expenses pertaining to acquisition and maintenance of reinsurance business to be allocated to underwriting results (net reinsurance results). Expenses which are not allocated are shown separately. Our general and administrative expenses decreased by 4% during 2024 due to stringent cost control initiatives by the Company.

(Amounts in OMR)

Sr. No.	Description	2024	2023
1.	General and Administrative expenses	1,605,439	1,676,514
	Total	1,605,439	1,676,514

Investment and Other Income

The Investment and other income for the year 2024 was OMR 3.5 million as against OMR 2.7 million in 2023. There was a significant increase of 27% in investment and other income compared to prior year as per the below mentioned details:

(Amounts in OMR)

Sr. No.	Description	2024	2023
1	Interest on bonds and bank deposits	3,440,370	2,676,382
2	Dividend income	44,763	57,900
3.	Realised (loss)/gain on sale of investments at fair value through other comprehensive income	21,830	(12,631)
4.	Unrealised fair value gains on investments at fair value through profit or loss	23,495	3,300
5.	(Loss)/gain on sale of fixture, furniture and equipment	296	(34)
6.	Custody expenses	(72,974)	(85,592)
7.	Miscellaneous income	-	198
8.	Reversal/(provision) for impairment on assets held amortized cost and FV through OCI	(1,789)	58,430
9.	Unrealised fair value gains on investment property	-	15,408
	Total	3,455,991	2,713,361

Share Capital

In line with requirements from the Financial Services Authority (FSA) for licensees, Oman Re's paid up capital at 31st December 2024 stood at OMR 32.6 million (approximately USD 84.7 million), thus fulfilling one of the key licensing / regulatory requirements.

Reinsurance License

During the year, the Company successfully renewed its Reinsurance License from FSA for a period of five years up to 14th June 2029.

Internal Audit

Internal Audit Department (IAD) promotes action on audit advice and reinforces staff accountability and commitment to results. It's ultimate aim is to enhance Oman Re's risk management and control systems. In 2024, IAD fully executed the risk-based internal audit plan for 2024, which was approved by the Audit Committee.

Risk and Actuarial

As part of its remit during 2024, the Risk and Actuarial Department (RAD) has been working on embedding the Enterprise Risk Management (ERM) framework throughout the Company, supported by a comprehensive Risk Management Policy. It also monitors adherence to the risk appetite set by the Board by means of Top Risks report and Risk Tolerance Control reports, with the result of developing a risk-based decision-making process throughout the Company.

Future Plans

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

To achieve our vision, Oman Re will:

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

During the year 2024, we continued with our 3-year business planning cycle titled "SHAPING THE FUTURE OF OMAN RE" which was started in 2022. Oman Re focused on the following strategic objectives during 2024:

To manage the rating exercise with Fitch Ratings, with the aim of improving the current rating

Make the company attractive for existing and potential shareholders by capital restructuring.

Work on setting up and promoting the Retakaful window

Enhance IT infrastructure to automate operations and also to improve data analysis capabilities

Focus on core markets and launch new products.

At the end of 2024, the BOD discussed the updates on the business plan and approved 2025-2027 business plan and budget.

Oman Re Property

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

Acknowledgements and Appreciation

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

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

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



Dr. Juma Bin Ali Al Juma

Chairman of the Board



Ernst & Young LLC
P.O. Box 1750, Ruwi 112
5th Floor, Landmark Building
Opposite Al Ameen Mosque
Bowsher, Muscat
Sultanate of Oman
Tax Card No. 8218320

Tel: +968 22 504 559
Fax: +968 22 060 810
muscat@om.ey.com
ey.com

C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG IN RESPECT OF THE BOARD OF DIRECTORS' CORPORATE GOVERNANCE REPORT OF OMAN REINSURANCE COMPANY SAOG

Scope and purpose

We have performed the procedures enumerated below, agreed with you pursuant to the Financial Services Authority's (FSA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report (the "Report") of Oman Reinsurance Company SAOG (the "Company" or the "Engaging Party") as at and for the year ended 31 December 2024 and its application of the corporate governance practices in accordance with amendments to FSA's Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code") ("Subject Matter").

Restricted use

This agreed-upon procedures report ("AUP Report") is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2024 and does not extend to any financial statements of the Company, taken as a whole.

Responsibilities of the Board of Directors

The Board of Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and are responsible for identifying and ensuring that the contents of the Report comply with the Code on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company and its Board of Directors.

Responsibilities of the Practitioner

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

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Our independence and quality control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements in accordance with the relevant independence requirements. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the IESBA Code that apply in the context of the financial statement audit.



AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG IN RESPECT OF THE BOARD OF DIRECTORS' CORPORATE GOVERNANCE REPORT OF OMAN REINSURANCE COMPANY SAOG (continued)

Our independence and quality control (continued)

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

Description of procedures performed

We have performed the procedures described below, which were agreed upon with you on the compliance of the Report with the Code for the year ended 31 December 2024.

Our procedures and findings included:

No.	Procedures	Findings
(a)	We obtained the Corporate Governance Report issued by the Board of Directors and compared its contents to the minimum requirements of the FSA as set out in Annexure 3 of the Code.	No exceptions noted.
(b)	We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2024. The Company's Board of Directors have not identified any areas of non-compliance with the Code.	No exceptions noted.

Ernst & Young

26 February 2025
Muscat



OMAN REINSURANCE COMPANY S.A.O.G.

Corporate Governance Report

For the year ended 31st December 2024

1. Company Philosophy

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

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

- a) The Board of Directors comprises of 7 Directors, with minimum of 4 independent directors'.
- b) The Internal Audit Department is managed by a senior staff member who is independent from the operation and reports directly to the Audit Committee.
- c) The Compliance Department is managed by a senior staff member who is independent from the operation and reports directly to the Risk Committee.
- d) Holding the Board Meetings and Committees in accordance with the laws and regulations of Sultanate of Oman.

2. Annual General Meeting

The Annual General Meeting for financial year ended 31st December 2023 was held on 26th March 2024 and the following items were discussed and approved:

1. The Board of Directors' report for the Company's activity and its financial position during the financial year ended on 31 December 2023.
2. The Report on Corporate Governance for the financial year ended 31 December 2023.
3. The Auditor's Report and Audited Financial Statement of the company for the financial year ended on 31 December 2023.
4. The related party transactions of the Company for the financial year ended 31st December 2023;
5. The ratification of the payment of sitting fees to the Board of Directors and Sub-Committees for the financial year ended 31 December 2023 and to determine the sitting fees of the Board of Directors and Sub-Committees for the next financial year 31 December 2024.
6. The notification to the General Assembly of donations disbursed to support community services during the financial year ended on 31 December 2023.
7. The allocation of a budget of 20,000 OMR (Twenty Thousand Omani Rials) to support community services during the financial year ending 31 December 2024.
8. The appointment of the auditors for the financial year ending 31st December 2024 and fixing their fees.

2. Annual General Meeting (Continued)

The following Board Members attended the Annual General Meeting held on 26th March 2024:

1. Dr. Juma Bin Ali Al Juma;
2. Shiekh Nasser Bin Ali Saud Al Thani
3. Mr. Pramod Kumar Hiran;
4. Mr. Kamal Tabaja
5. Sayyid Mohamed Bin Said Al Busaid; and
6. Mr. Gamal Mohamed
7. Mr. Mohammed El Ailah

3. Board of Directors

The composition of the Board of Directors as of 31st December 2024 is as following:

Sr. No.	Name and Position	Category and Independence		Other Directorships
1	Dr. Juma Bin Ali Al Juma	Non-Executive	Independent	None
2	Sheikh Nasser Bin Ali Bin Saud Al Thani	Non-Executive	Independent	4
3	Mr. Gamal Mohamed	Non- Executive	Independent	1
4	Sayyid Mohamed Bin Said Al Busaid	Non-Executive	Independent	None
5	Mr. Kamal Tabaja	Non-Executive	Non-Independent	None
6	Mr. Mohammed El Ailah	Non-Executive	Non-Independent	1
7	Mr. Pramod Kumar Hiran	Non-Executive	Independent	2

3a. Profile of the Current Board of Directors:

Dr. Juma Bin Ali Al Juma

Chairman

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

Sheikh Nasser Bin Ali Bin Saud Al Thani

Deputy Chairman

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

Gamal Mohamed

Member

Mr. Gamal Mohamed graduated from college of commerce of Alexandria University in 1977. His core competency lies in the area of taxation with experience with Egyptian Tax Authority and the Secretariat General of Taxation,

3a. Profile of the Current Board of Directors: (Continued)

Sultanate of Oman until his employment with Omar Zawawi Establishment as tax advisor since 2000. Mr. Gamal is currently a board member in Muscat Finance Company S.A.O.G.

Sayyid Mohamed Bin Said Al Busaid

Member

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

Kamal Tabaja

Member

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

Mohammed El Ailah

Member

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

Pramod Kumar Hiran

Member

Mr. Pramod Kumar Hiran is a Science graduate, an Associate Member of the Institute of Chartered Accountants of India, and a Member of the Institute of Cost Accountants of India. He has over 30 years of professional experience working in India and Oman. He is also on the Board of Muscat Finance SAOG, National Detergents Co. SAOG as an independent director

3b. Procedure for Nomination of Directors

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

3c. Board Meetings:

During the year, 5 meetings of the Board of Directors were held on 22nd February, 25th April, 29th July, 28th October and 2nd December 2024. Details of members' participation in the Board and Committee meetings along with sitting fees paid are given in the table below:

Name of Director	Position	Board Meetings Attended	Board Committee Meetings Attended	Sitting Fees (OMR)
Dr. Juma Bin Ali Al Juma	Chairman	5	2	6,200
Shaikh Nasser Bin Ali Bin Saud Al Thani	Deputy Chairman	5	2	6,200
Mr. Kamal Tabaja	Director	5	7	9,200
Sayyid Mohamed Bin Said Al Busaid	Director	5	6	8,600
Mr. Pramod Kumar Hiran	Director	5	3	6,800
Mr. Gamal Mohamed	Director	4	3	5,800
Mr. Mohamed El Ailah	Director	5	3	6,800

4. Audit Committee of the Board

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

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

The Committee comprises of 2 independent and 1 non-independent Directors as of 31st December 2024. Mr. Gamal Mohamad is the Chairman. During the year, 4 meetings were held on 22nd February 25th April, 29th July and 28th October 2024. Details of members' participation in the meetings are given in the table below:

Name of Director	Position	Meetings Attended
Mr. Gamal Mohamed	Chairman	3
Mr. Kamal Tabaja	Member	4
Sayyid Mohamed Bin Said Al Busaid	Member	4

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

1. Financial statements submitted by the Management
2. Actuarial reports
3. External Auditor's report including Management letter and Management comments
4. Internal Auditor's reports including Management comments
5. Internal Audit Policies and procedures
6. Any other matter required by regulations

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

5. Risk Committee of the Board

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

5. Risk Committee of the Board (Continued)

The RCB comprises of 2 non-independent Directors and one independent Director as of 31st December 2024. Mr. Kamal Tabaja is the Chairman. During the year, 3 meetings were held on 25th April, 29th July and 28th October 2024. Details of members' participation in the meetings are given in the table below:

Name of Director	Position	Meetings Attended
Mr. Kamal Tabaja	Chairman	3
Mr. Pramod Kumar Hiran	Member	3
Mr. Mohammed El Ailah	Member	3

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

1. Risk profile and risk management system framework of the Company.
2. Retrocession program and policy presented by the Management.
3. Actuary Report.
4. Adequacy of IBNR provision.
5. Risk Reports presented by the Risk Department.
6. Investment Plan for 2025.
7. Various investment proposals.
8. Rating agency related matters.
9. Various regulatory compliance related matters.
10. Policies and procedures.
11. Any other matter required by regulations.

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

6. Nomination and Remuneration Committee

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

The NRC consists of 3 independent Directors. Shaikh Nasser Bin Ali Bin Saud Al Thani is the Chairman of the Committee. During the year, 2 meetings were held on 22nd February and 28th October 2024. Details of members' participation in the meetings are given in the table below:

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

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

1. Update on the Human Resource and Trainings including appointment, resignation, promotion and increments.
2. Human Resources Policies and Procedures.
3. Discussion of a report on HR matters which included the job vacancies, compensation and benefits, recruitment and resignation of key staff members.
4. Hiring of key positions.
5. Any other matter required by regulation.

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

7. Profile of Executive Management

Mr. Romel Tabaja, Chief Executive Officer (CEO)

Romel holds a B.Sc. in Banking and Finance from the Lebanese American University in Beirut. Prior to being appointed to the Oman Re team in 2016, he was Deputy CEO at Trust Re for five years. Romel's multifaceted experience comprises a variety of challenging underwriting positions, marketing, managing portfolios as well as general management. He has a Certificate in Reinsurance along with a Diploma in Insurance. He has also completed Executive Management and Financial Programs at INSEAD Business School, France. Mr. Tabaja was elected as deputy chairman of Oman Insurance Association since 2020.

Mr. Khaled Nouri, Chief Operating Officer (COO)

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

Mr. Muzamil Hussain, Chief Financial Officer (CFO)

Muzamil is a Chartered Accountant from Pakistan and has more than 15 years of experience. He has worked in different industries in the fields of Accounting and Finance. He has held managerial positions in big four audit firms and an international reinsurance company prior to joining Oman Re.

The total remuneration including salary, benefits and end of service contributions for the top three executives during the year were OMR 422,193.

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

8. Communication with Shareholders

In accordance with Article 217 of Commercial Companies' Law No 18/2019 as amended, the Company will be sending the Audited Financial Statements, Board of Directors' and the Corporate Governance Reports, and the Related Party Transactions to the shareholders. Further, the Company will send an invitation to the shareholders to attend the Annual General Meeting with the agenda of the meeting, in compliance with the requirements of Commercial Companies Law and FSA regulations. Furthermore, the company is publishing the quarterly and annual financial results on its official website to make them available to all shareholders.

Given below are the details of the shareholders, their shares and percentage of shareholding (more than 5%) as on 31st December 2024 as per the Muscat Clearing and Deposit Company records:

Sr. No.	Name of the Shareholder	No of Shares	Holding %
1	Qatar General Insurance & Reinsurance Company QPSC	73,750,200	22.296%
2	Trust International Insurance & Reinsurance Company BSC (C)	131,649,800	39.8%
3	Omar Zawawi Establishment	27,642,650	8.357%
4	Zawawi Trading Company LLC	28,500,000	8.616%
5	Others – holding less than 5%	69,232,950	20.931%
Total		330,775,600	100.000%

9. Profile of the Statutory Auditors:

In the AGM held on 26 March 2024, the statutory auditors ERNST & YOUNG ("EY") were appointed.

EY is a global leader in assurance, tax, strategy & transactions, and consulting services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923. For over 100 years, we have grown to over 8,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEA practice. Globally, EY operates in more than 150 countries and employs 400,000 professionals in 700 offices. Please visit ey.com for more information about EY

Ernst & Young billed an amount of OMR 56,100 for review and audit services of the Company's financial statements (Company and QFC) and non-audit services were billed for an amount OMR 4,250 (including QFC).

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

10. Business Management & Performance for 2024:

A copy of management discussion and analysis is included in the annual report.

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

11. Movements in the share price:

The company was listed at MSX on 1st November 2021 with issue price of 85 baiza plus 1 baiza issue expenses. There was no movement recorded in the share price during 2024 since the closure of the IPO.


12. Related party transactions

Related parties comprise of the shareholders, directors, key management personnel, business entities and any party having the ability to control or exercise significant influence in financial and operating decisions. The Company entered into transactions with shareholders (refer note 22 of the Financial Statements) with significant influence, with entities where Directors have an interest (other related parties) and with senior management. The terms of the transactions are mutually agreed (Refer to note 22 of the Financial Statements).

13. Acknowledgement by the Board

We, the Board of Directors, hereby confirm that:

1. The Financial Statements are prepared and presented in accordance with the International Financial Reporting Standards (IFRS). They are audited by the Company's External Auditors.
2. Related party transactions are highlighted in the Financial Statements.
3. The Company has an independent Internal Audit Department and Compliance Department.
4. There are no material facts or issues, which will affect the Company's ability to continue its operations in the next financial years.
5. The regulators have not imposed any penalty on the Company during the reporting period.
6. The company has an efficient and adequate internal control systems in all units which includes the financial management, business units, IT, risk management, compliance and audit.



Dr. Juma Bin Ali Al Juma
Chairman of the Board



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Fortifying futures, inspiring confidence

We take pride in our financial strength and the stability we offer to our valued clients. Through our effective reinsurance solutions, we mitigate risks and provide a secure foundation for your business. Backed by a solid 15-year track record and expansive presence across geographies including Asia, Middle East, Africa, CEE & CIS countries, we empower businesses to thrive even in the face of adversity.

Oman Reinsurance Company SAOG Management Discussion and Analysis Report

For the year ended 31 December 2024

Introduction

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

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

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

Details about basis of preparation of financial statements can be found in the notes to the audited financial statements.

Reinsurance Market Outlook

Based on Gallagher Re's reinsurance market report of September 2024, which tracks the capital and profitability of the global reinsurance industry, global reinsurers delivered another strong set of results in the first half of 2024 with an ongoing improvement in underwriting profitability, exceptional ROEs and a continued building of capital. Underlying profitability continued to excel due to a lower underlying combined ratio and higher recurring investment income. The reinsurance industry's underlying ROE improved again markedly, and remained well above the industry's cost of capital. As a result, the industry is in a strong place and has ample buffers to absorb any potential headwinds, whether this is coming from a potentially active hurricane season, lower interest rates or other volatility.

Global reinsurance dedicated capital totaled USD 766 billion at half year 2024, an increase of 5.4% versus the restated full year 2023 base. This growth was mainly driven by INDEX companies with non-life alternative capital also increasing. Total capital inflow remained modest at USD 2 billion.

Financial Highlights

Please find below key financial highlights for the current year and last year:

	2024	2023
	Amount in OMR	
Reinsurance revenue	49,894,863	42,100,184
Net reinsurance results	2,042,509	2,743,530
Investment and other income, net	3,455,991	2,713,361
Net profit after tax for the year	3,011,199	2,555,695
Loss ratio (discounted) ¹	62.0%	57.7%
Cost ratio ²	32.5%	33.6%
Total Assets	99,950,759	80,084,358
Net Equity	35,317,661	32,208,913

In 2024, reinsurance revenue increased by 19%, reaching OMR 49.9 million compared to OMR 42.1 million in the previous year. However, net reinsurance results decreased by 26%, amounting to OMR 2.0 million compared to OMR 2.7 million last year. Prudent investment management led to a 27% increase in investment income, which rose to OMR 3.5 million in 2024 from OMR 2.7 million in 2023. Consequently, net profit after tax for 2024 increased by 18%, reaching OMR 3.0 million compared to OMR 2.6 million in the previous year.

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

Reinsurance Revenue

Oman Re has been consistently increasing its revenue every year. During 2024, the Company achieved a growth of 19% in reinsurance revenue. The main market for the Company is MENA³ including a special focus on our home market i.e. Sultanate of Oman. The major class of business is Property followed by Energy and Engineering. The split between Treaty and Facultative reinsurance revenue is provided below:

Reinsurance Revenue	2024	2023
	Amount in OMR	
Facultative	25,145,289	20,856,067
Treaty	24,749,574	21,244,117
Total	49,894,863	42,100,184

Reinsurance service result before retrocession contracts held

Despite the high levels of natural catastrophe (Nat Cat) and large loss activity in the markets where Oman Re operates, the company's reinsurance service results remained positive in 2024. This resilience was primarily driven by premium rate improvements and prudent underwriting practices. The Facultative segment continued to deliver positive results on a gross basis, even with higher-than-usual man-made losses. Meanwhile, the Treaty segment improved its underwriting results and reduced its losses compared to the previous year.

Reinsurance service result before retrocession contracts held	2024	2023
	Amount in OMR	
Facultative	2,044,276	9,629,013
Treaty	(291,167)	(4,412,979)
Total	1,753,109	5,216,034

Investment and Other Income

The Company follows a prudent investment allocation strategy, with a significant portion of investments in fixed income and bank deposits. This approach has provided the Company with stable and growing investment income over the years. In 2024, the Company achieved record investment results, with investment income increasing by 27% compared to 2023. Below is the breakdown of our investment income:

Investment and Other Income	2024	2023
	Amount in OMR	
Interest on bonds and bank deposits	3,440,370	2,676,382
Dividend income	44,763	57,900
Realised (loss)/gain on sale of investments at fair value through other comprehensive income	21,830	(12,631)
Unrealised fair value gains on investments at fair value through profit or loss	23,495	3,300
(Loss)/gain on sale of fixture, furniture and equipment	296	(34)
Custody expenses	(72,974)	(85,592)
Miscellaneous income	-	198
Reversal/(provision) for impairment on assets held amortized cost and FV through OCI	(1,789)	58,430
Unrealised fair value gains on investment property	-	15,408
Total	3,455,991	2,713,361

Information Technology (IT)

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

Internal Control

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

Enterprise Risk Management (ERM)

The Company has a comprehensive ERM framework, which is embedded in the overall processes of the Company. Given the size of the Company, the ERM framework is as per the international standards. The Company maintains extensive risk appetite statements, risk tolerance limits and risk registers. The Board’s Risk Committee (RC) also reviews the quarterly risk control reports to review the overall status of the Company. The Company also prepares Own Risk Solvency Assessment (ORSA) as part of its business planning cycle and also monitors its capital position by capital model from a rating agency as well as solvency requirements from Financial Services Authority (FSA).

Acknowledgements

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

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



Romel Tabaja
Chief Executive Officer



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We take pride in our financial strength and the stability we offer to our valued clients. Through our effective reinsurance solutions, we mitigate risks and provide a secure foundation for your business. With a proven track record spanning over 15 years and a strong presence in Asia, the Middle East, Africa, CEE, and CIS countries, we empower businesses to thrive even in the face of adversity.



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Shielding insurers from the unexpected

We believe in the power of protection when faced with the unforeseen and provide comprehensive coverage that shields you from unanticipated losses. With 15 years of industry expertise and presence across geographies including Asia, Middle East, Africa, CEE & CIS countries, you can rely upon us to navigate through uncertainties together, ensuring that your business is secure.

OMAN REINSURANCE COMPANY SAOG
For the year ended 31 December 2024

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Ernst & Young LLC
P.O. Box 1750, Ruwi 112
5th Floor, Landmark Building
Opposite Al Ameen Mosque
Bowsher, Muscat
Sultanate of Oman
Tax Card No. 8218320

Tel: +968 22 504 559
Fax: +968 22 060 810
muscat@om.ey.com
ey.com

C.R. No. 1224013
PR No. HHM/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oman Reinsurance Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of reinsurance contract liabilities - estimation of present value of cashflows and risk adjustment for non-financial risk	
<p>As at 31 December 2024, estimate of present value of cash flows and risk adjustment for non-financial risk amounts to RO 82.9 Mn and RO 6.1 Mn (2023: RO 64.5 Mn and RO 4.9 Mn) respectively.</p> <p>The estimation of the liability for incurred claims involves significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk.</p> <p>The present value of future cash flows are based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.</p> <p>Further complexity arises from calculating the actuarial best estimate and the risk margin using historical data which is sensitive to external inputs, such as claims cost, inflation, historical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from reinsurance contracts, we have considered this as a key audit matter.</p>	<p>The primary audit procedures we performed to address this key audit matter are as follows:</p> <ul style="list-style-type: none"> Understanding the Company's policies, process and internal controls related to the calculation of the reserve for outstanding claims; Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves; Evaluated the competence, capabilities and objectivity of the internal and external experts used by the management; Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the underlying records; Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following: <ul style="list-style-type: none"> Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences;



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of reinsurance contract liabilities - estimation of present value of cashflows and risk adjustment for non-financial risk (continued)	<ul style="list-style-type: none"> Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Other Information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2024 Annual Report after the date of our auditor's report.

- Director's Report
- Corporate governance report
- Management discussion and analysis report

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

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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 and the Financial Services Authority (the "FSA") of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN REINSURANCE COMPANY SAOG

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We report that, the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 2019, and FSA of the Sultanate of Oman.



Ernst & Young

Imtiaz Ibrahim
26 February 2025
Muscat, Oman





Unlocking regional potential

We bring our regional expertise to the table, catering to a wide range of industries across various geographies with solutions that adapt to local market dynamics. Drawing on over 15 years of professional experience, our in-depth knowledge and strong relationships enable us to deliver customized solutions that address the unique challenges and opportunities within each region including Asia, Middle East, Africa, CEE & CIS countries.



Redefining risk management.

We pride ourselves on the calibre of our talent. Our team of experienced professionals brings together a wealth of knowledge and expertise in risk management and reinsurance. With their diverse backgrounds and leveraging extensive industry experience of over 15 years across Asia, Middle East, Africa, CEE & CIS countries, they are dedicated to providing innovative solutions and superior service to our valued clients.

OMAN REINSURANCE COMPANY SAOG

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in Omani Rial)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	7	2,295,930	1,757,970
Bank deposits	8	21,978,961	22,164,526
Investments at fair value through profit or loss	9	2,195,444	1,311,942
Investments at fair value through other comprehensive income	10	48,082,285	37,096,592
Reinsurance contract assets	17	845,087	34,095
Retrocession contract assets	11	20,345,974	14,106,678
Accrued income	12	1,375,177	1,013,431
Deferred tax asset	23	206,432	82,502
Other receivables	13	342,272	271,991
Investment property	14	2,100,000	2,100,000
Intangible assets	15	22,112	80,756
Fixtures, furniture and equipment	16	161,085	63,875
TOTAL ASSETS		99,950,759	80,084,358
LIABILITIES			
Retrocession contract liabilities	11	963,431	237,237
Reinsurance contract liabilities	17	62,401,126	47,280,824
Current tax liability	23	312,144	312,911
Other payables	18	956,397	44,473
TOTAL LIABILITIES		64,633,098	47,875,445
EQUITY			
Share capital	19	32,615,926	32,615,926
Legal reserve	20	1,247,772	946,652
Investment fair value reserve	10	96,027	(492,801)
Contingency reserve	21	11,138,292	8,428,213
Accumulated losses		(9,780,356)	(9,289,077)
TOTAL EQUITY		35,317,661	32,208,913
TOTAL EQUITY AND LIABILITIES		99,950,759	80,084,358
NET ASSETS PER SHARE	28	0.107	0.097

The financial statements were approved and authorised for issue by the Board of Directors on 26 February 2025 and were signed on their behalf by:



Director



Director



Chief Executive



Chief Financial Officer

OMAN REINSURANCE COMPANY SAOG

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	31 December 2024	31 December 2023
Reinsurance revenue	17	49,894,863	42,100,184
Reinsurance service expense	17	(48,141,754)	(36,884,150)
Net income / (expense) from retrocession	11	1,179,668	(1,634,420)
Reinsurance service results		2,932,777	3,581,614
Reinsurance finance expense for reinsurance contracts issued	17	(1,311,886)	(1,689,240)
Retrocession finance income for retrocession contracts held	11	421,618	851,156
Net reinsurance results		2,042,509	2,743,530
Investment and other income, net	24	3,455,991	2,713,361
Net reinsurance and investment result		5,498,500	5,456,891
General and administrative expenses	26	(1,605,439)	(1,676,514)
Foreign exchange losses, net		(298,048)	(764,004)
		(1,903,487)	(2,440,518)
Profit before income tax		3,595,013	3,016,373
Income tax expense	23	(583,814)	(460,678)
Net Profit for the year		3,011,199	2,555,695
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Investments at fair value through other comprehensive income			
Valuation gains on equity investments at fair value through other comprehensive income	10	1,019,604	455,066
Deferred tax charge on valuation of equity investments at fair value through other comprehensive income	23	(5,217)	(63,302)
Items that will or may be reclassified to profit or loss:			
Investments at fair value through other comprehensive income			
Valuation (losses) / gains on debt instruments at fair value through other comprehensive income	10	(1,054,086)	1,084,914
Deferred tax charge on valuation of debt instruments at fair value through other comprehensive income	23	137,248	(162,333)
Total other comprehensive income		97,549	1,314,345
Total comprehensive income		3,108,748	3,870,040
Earnings per share - basic and diluted	27	0.009	0.008

OMAN REINSURANCE COMPANY SAOG

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 1 January 2023		32,615,926	691,082	(1,732,631)	6,128,088	(9,363,592)	28,338,873
Net profit for the year		-	-	-	-	2,555,695	2,555,695
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	1,314,345	-	-	1,314,345
Realised gain on sale of equity investments at fair value through other comprehensive income		-	-	(74,515)	-	74,515	-
Transferred to legal reserve	20	-	255,570	-	-	(255,570)	-
Transferred to contingency reserve	21	-	-	-	2,300,125	(2,300,125)	-
As at 31 December 2023		32,615,926	946,652	(492,801)	8,428,213	(9,289,077)	32,208,913
Net profit for the year		-	-	-	-	3,011,199	3,011,199
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	97,549	-	-	97,549
Realised loss on sale of equity instrument at fair value through other comprehensive income	10	-	-	491,279	-	(491,279)	-
Transferred to legal reserve	20	-	301,120	-	-	(301,120)	-
Transferred to contingency reserve	21	-	-	-	2,710,079	(2,710,079)	-
As at 31 December 2024		32,615,926	1,247,772	96,027	11,138,292	(9,780,356)	35,317,661

OMAN REINSURANCE COMPANY SAOG

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	2024	2023
Operating activities			
Profit before income tax		3,595,013	3,016,373
Adjustments for:			
Depreciation on fixtures, furniture and equipment	16	45,942	54,403
Provision / (reversal) for impairment on assets held at amortized cost and at fair value through other comprehensive income	24	1,789	(58,430)
(Gain) / loss on sale of investments at fair value through other comprehensive income	24	(21,830)	12,631
Amortisation of intangible assets	15	58,644	59,592
(Gain) / loss on disposal of fixtures, furniture and equipment	24	(296)	34
Unrealised fair value (loss) / gain on investments at fair value through profit or loss	24	(23,495)	(3,300)
Interest income from bank deposits	24	(3,440,370)	(2,676,382)
Dividend income	24	(44,763)	(57,900)
Fair value adjustment on investment property	24	-	(15,408)
Operating gain before working capital changes		170,634	331,613
Working capital changes			
Other receivables		(70,281)	173,653
Reinsurance and retrocession funds		8,796,208	2,983,826
Other payables		911,924	(30,713)
Net working capital changes		9,637,851	3,126,766
Income tax paid		(576,480)	(367,383)
Net cash generated from operating activities		9,232,005	3,090,996
Investing activities			
Purchase of investments at fair value through other comprehensive income		(16,487,310)	(13,349,726)
Purchase of investments at fair value through profit or loss		(1,054,293)	(1,228,674)
Interest income received on bank deposits		2,942,978	2,585,309
Dividend income received on equity instruments		44,763	57,900
Purchase of fixtures, furniture and equipment		(143,430)	(26,003)
Proceeds from sale of fixtures, furniture and equipment		574	259
Proceeds from sale of investments at fair value through other comprehensive income		5,622,369	6,815,406
Proceeds from sale of investments at fair value through profit or loss		194,286	829,933
Payment for intangible assets		-	(19,461)
Net movement in bank deposits		186,018	246,754
Net cash used in investing activities		(8,694,045)	(4,088,303)
Net increase / (decrease) in cash and cash equivalents		537,960	(997,307)
Cash and cash equivalents, beginning of the year		1,757,970	2,755,277
Cash and cash equivalents, end of the year	7	2,295,930	1,757,970

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Oman Reinsurance Company SAOG ("the Company") is a publicly listed Omani joint stock company (SAOG) registered with the Ministry of Commerce, Industry and Investment Promotion, in accordance with the provisions of the Commercial Companies Law and Regulations and the Insurance Companies Law, as amended of the Sultanate of Oman. The Company was registered on 4 August 2008 and obtained a license to operate reinsurance business on 2 July 2009 from the Financial Services Authority (FSA). During the year Company also obtained the Retakaful license to operate in retakaful business on 22 February 2024. The Company is principally engaged in underwriting reinsurance and retakaful business including fire, engineering, accident, medical, motor and aviation classes.

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

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the requirements of the Commercial Companies Law of 2019, as amended and Regulations, Rules and Guidelines on Disclosure issued by the Financial Services Authority (FSA) of Sultanate of Oman and the Insurance Companies Law as amended.

These financial statements have been prepared on the historical cost basis except for investment properties, Investment carried at fair value through other comprehensive income and investments carried at fair value through profit or loss which are measured at fair value. The preparation of financial statements in conformity with IFRS requires use of certain critical accounting estimates and also requires management to exercise judgment in the process of applying the Company's accounting policies.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

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

3 NEW STANDARDS AND AMENDMENTS IN EXISTING STANDARDS

3.1 Standards and amendments effective and adopted in the current year

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first-time and have been adopted in the preparation of the financial statements for the year ended 31 December 2024:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

3 NEW STANDARDS AND AMENDMENTS IN EXISTING STANDARDS (continued)

3.1 Standards and amendments effective and adopted in the current year (continued)

Standard or amendments	Title	Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2024

The above standards do not have any material impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.2 Standards and amendments issued but not yet effective in the current year

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

Standard or amendments	Title	Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	Various amendments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Power Purchase Agreements	1 January 2026
New Standard IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
New Standard IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy and related disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION

4.1 Reinsurance and Retrocession contracts

4.1.1 Definition and classification

Reinsurance contracts are contracts under which the Company accepts significant insurance risk from an insurer by agreeing to compensate the insurer if a specified uncertain future event adversely affects the insurer. In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e., if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company uses retrocession agreements, to reduce its exposure to risks assumed, to increase its aggregate underwriting capacity. The ceding of risk to retrocessionaires does not relieve the Company from its direct obligations to its ceding companies.

The Company does not write any investment contracts with discretionary participation features or reinsurance contracts with direct participation features.

4.1.2 Separating components from reinsurance and Retrocession contracts

At inception, the Company separates the following components from reinsurance or retrocession contract and accounts for them as if they were stand-alone financial instruments:

Derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of reinsurance or retrocession contract as a stand-alone instrument; and

Distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders' distinct goods or services other than reinsurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as reinsurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the reinsurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the reinsurance component, and the Company provides a significant service of integrating the good or service with the reinsurance component. Currently, the Company's portfolios do not contain any non-insurance components that need to be unbundled from reinsurance and retrocession contracts.

4.2 Level of Aggregation

IFRS 17 requires the Company to determine the level of aggregation for applying its requirements.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.2 Level of Aggregation (continued)

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- (i) a group of contracts that are onerous on initial recognition;(if any)
- (ii) a group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; (if any)
- (iii) any remaining group of contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Weighted average adjusted normalised loss ratio.
- Sufficiency of premium rate changes.
- Effects of rate revision as part of management actions.
- Economic and regulatory changes.

The Company divides portfolios of Retrocession contracts held applying the same principles set out above.

4.3 Recognition

The Company recognises groups of reinsurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of Retrocession contracts held, it has entered into, from the earlier of the following:

- The beginning of the coverage period of the group of retrocession contracts held.
- The date the Company recognises an onerous group of underlying reinsurance contracts if the Company entered into the related retrocession contract held in the group of retrocession contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.4 Contract boundary

The Company includes in the measurement of a group of reinsurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with reinsurance contract services. A substantive obligation to provide reinsurance contract services ends when:

- The Company 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:
 - The Company has the practical ability to reassess the risks of the portfolio of reinsurance 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,
 - 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 reinsurance contract is not recognised. Such amounts relate to future reinsurance contracts.

Measurement - Premium Allocation Approach

	IFRS -17 Options	Adopted Approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for all the contracts being one year or less qualifies automatically for PAA. For group of contracts with coverage period greater than one year, there was no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.5 Measurement - Premium Allocation Approach (continued)

IFRS -17 Options

Adopted Approach

Reinsurance acquisition cash flows for reinsurance contracts issued

Where the coverage period of all contracts within a group is not longer than one year, reinsurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of reinsurance contracts (including future groups containing reinsurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, reinsurance acquisition cash flows must be allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group.

Reinsurance acquisition cash flows are allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group.

Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money

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 significant financing component 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

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 Company discounts the LIC for the time value of money as claims are expected to be paid on average a year after the date that they are incurred.

Reinsurance finance income and expense

There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.

The Company opted to take changes in discount rates to profit or loss account.

4.6 Reinsurance contracts

4.6.1 Initial measurement

The Company applies the premium allocation approach (PAA) to all the reinsurance contracts that it issues and retrocession contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including reinsurance contract services arising from all premiums within the contract boundary. Or

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.6 Reinsurance contracts (continued)

4.6.1 Initial measurement (continued)

For contracts longer than one year, the Company 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 Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

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

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company 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 Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

4.6.2 Subsequent measurement

The Company 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 reinsurance acquisition cash flows
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for reinsurance acquisition cash flows
- Plus any amounts relating to the amortisation of the reinsurance 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 reinsurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company 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 Company and include an explicit adjustment for non-financial risk (the risk adjustment).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.7 Retrocession contracts

4.7.1 Initial measurement

The Company measures its retrocession assets for a group of retrocession contracts that it holds on the same basis as reinsurance contracts that it issues. However, they are adapted to reflect the features of retrocession contracts held that differ from reinsurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Company recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts or when further underlying onerous reinsurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retrocession contracts held depicting the recovery of losses.

The Company 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 Company expects to recover from the group of reinsurance contracts held.

4.7.2 Subsequent measurement

The subsequent measurement of retrocession contracts held follows the same principles as those for reinsurance contracts issued and has been adapted to reflect the specific features of retrocession held.

4.8 Modification and derecognition

The Company 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, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

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

4.9 Reinsurance acquisition cash flows

Reinsurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of reinsurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of reinsurance contracts to which the group belongs. All acquisition costs are deferred. Using a systematic and rational method to allocate:

- a) Reinsurance acquisition cash flows that are directly attributable to a group of reinsurance
 - to that group; and
 - to groups that include reinsurance contracts that are expected to arise from the renewals of the reinsurance contracts in that group.
- b) Reinsurance acquisition cash flows directly attributable to a portfolio of reinsurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.10 Discount rates

The Company adopts a bottom up approach in deriving the appropriate discount rates. A single entity level discount rate curve is computed. Under this approach, the discount rate determined is 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 cashflows (known as illiquidity premium). The risk free yield was determined using a mixed approach of using OMIBOR and AAA sovereign bond yields. Wherever the observable market data is not available for a particular duration, the yield curve was interpolated between the last observable input points.

4.11 Risk adjustment

IFRS 17 requires entities to measure reinsurance contracts at initial recognition as the sum of the following items;

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate
- Risk Adjustment (RA) for non-financial risk

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

4.12 Derivation of the risk adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based on the stochastic approach performed on Company's triangles with consideration to market benchmarks.

The Company will a set confidence level in the range of the 65th to 70th percentile, on a diversified basis. The Company applies judgment to determine the appropriate Risk Adjustment based on the non- financial risks associated with their portfolios of reinsurance and retrocession contracts to determine the desired Risk Adjustment.

4.13 Reinsurance revenue

The reinsurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of reinsurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred reinsurance service expenses. The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.14 Reinsurance finance income and expense

Reinsurance finance income or expenses comprise the change in the carrying amount of the group of reinsurance contracts arising from:

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate
- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company allocate reinsurance finance income or expenses on reinsurance contracts issued to profit or loss. The impact of changes in market interest rates on the value of the reinsurance assets and liabilities are reflected in profit or loss in order to minimise accounting mismatches between the accounting for financial assets and reinsurance assets and liabilities.

4.15 Net income or expense from retrocession contracts held

The Company presents separately on the face of statement of profit or loss, the amounts expected to be recovered from reinsurers, net of allocation of the retrocession premiums paid. The Company treats retrocession cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retrocession contract held and excludes investment components and commissions from an allocation of retrocession premiums presented on the face of statement of profit or loss.

4.16 Fixtures, furniture and equipment

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

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

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

Description	Years
Motor vehicles	4
Furniture and fixture	4
Office equipments	4

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.16 Fixtures, furniture and equipment (continued)

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

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

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

4.17 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss. The Company does not have an Intangible assets with indefinite useful lives.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

4.18 Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.18 Investment properties (continued)

Investment properties are derecognised either when 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 statement of profit or loss in the year of retirement or disposal.

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

4.19 Financial instruments

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

4.19.1 Financial assets

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

(i) Classification

The financial assets are classified in the following measurement categories:

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

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

(ii) Measurement

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.19 Financial instruments (continued)

4.19.1 Financial assets (continued)

(ii) Measurement (continued)

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

Debt instruments

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

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

For debt instruments at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.19 Financial instruments (continued)

(iii) De-recognition of financial assets

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

(iv) Income recognition

Interest income

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

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

4.20 Financial liabilities

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

(i) Classification

The financial liabilities are classified in the following measurement categories:

- a) those to be measured as financial liabilities at fair value through profit or loss; and
- b) those to be measured at amortised cost.

(ii) Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.20 Financial liabilities (continued)

(ii) Measurement (continued)

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

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

(iii) *Derecognition of financial liabilities*

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

4.21 Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value-in-use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

4.22 Cash and cash equivalents

All bank balances with maturity of three months or less from the date of placement are considered to be cash equivalents.

4.23 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.24 Employees' benefit liabilities

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

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

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

4.25 Leases - the Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets.

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4.26 Dividend income

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

4.27 Directors' remuneration

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

4.28 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.29 Foreign currencies

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

4.30 Income tax

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

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

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

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

4.31 Determination of fair values

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

4.32 Other income

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

4.33 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

4.33 Share capital (continued)

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

4.34 Earnings per share

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

4.35 Net assets per share

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

5 CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

5.1 Economic useful lives of fixtures, furniture and equipment

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

5.2 Economic useful life of intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

5 CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCE OF ESTIMATION UNCERTAINTY (continued)

5.3 Going concern

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

5.4 Contingencies

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

5.5 Taxation

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

5.6 Liability adequacy test

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

5.7 Fair value measurements

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

5.8 The ultimate liability arising from claims made under reinsurance contracts

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

5 CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCE OF ESTIMATION UNCERTAINTY (continued)

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR claims at the reporting date. The management uses the initial value of the claim provided by the cedent companies for the expected ultimate cost of claims reported at the reporting date.

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

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES - REINSURANCE AND RETROCESSION CONTRACTS

The Company applies the PAA to simplify the measurement of reinsurance and retrocession contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

6.1 Liability for remaining coverage

Reinsurance acquisition cash flows

Reinsurance acquisition cash flows are allocated to related groups of reinsurance contracts recognised in the statement of financial position (including those groups that will include reinsurance contracts expected to arise from renewals). An asset for reinsurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of reinsurance contracts has been recognised.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from retrocession contracts held. During the year, the company do not have any onerous contracts on which the Company needs to recognize such loss component.

6.2 Liability for incurred claims

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES - REINSURANCE AND RETROCESSION CONTRACTS (continued)

6.2 Liability for incurred claims (continued)

The main assumption underlying these techniques is that a Company'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. Historical claims development is mainly analysed by underwriting years, but can also be further analysed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Company 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.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

6.3 Discount rates

The Company adopts a bottom up approach in deriving the appropriate discount rates. A single entity level discount rate curve is computed. Under this approach, the discount rate determined is 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 cashflows (known as illiquidity premium). The risk free yield was determined using a mixed approach of using OMIBOR and AAA sovereign bond yields. Wherever the observable market data is not available for a particular duration, the yield curve was interpolated between the last observable input points.

	1 year		3 year		5 year		10 year	
Currency	2024	2023	2024	2023	2024	2023	2024	2023
OMR	5.36%	<u>6.59%</u>	4.77%	<u>4.51%</u>	4.88%	<u>4.35%</u>	5.07%	<u>4.38%</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES - REINSURANCE AND RETROCESSION CONTRACTS (continued)

6.4 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company 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 a reinsurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company 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.

6.5 Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate reinsurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

7 CASH AND CASH EQUIVALENTS

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

	2024	2023
Cash on hand	4,957	2,906
Current and call account balances with banks	2,290,973	1,755,064
	2,295,930	1,757,970

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

Balances in call accounts with local commercial banks earn interest rates ranging between 3.00% to 4.00% (31 December 2023: 2.5% and 4.00% per annum).

Credit ratings of bank balances and bank deposits from rating agencies:

	2024	2023
A1	1,016,287	59,879
A2	43,308	1,345,750
Ba1	22,212,778	7,227,619
Ba2	1,002,096	15,291,330

8 BANK DEPOSITS

	2024	2023
Non-current portion of bank deposits-gross	18,350,000	12,983,496
Impairment of assets at amortised cost	(4,535)	(4,988)
Non-current portion of bank deposits-net of impairment	18,345,465	12,978,508
Current portion of bank deposits	3,633,496	9,186,018
	21,978,961	22,164,526

Bank deposits represent deposits placed with commercial banks in the Sultanate of Oman and State of Qatar, which are denominated in Omani Rial and USD and earn interest at commercial rates ranging between 4.50% to 6.00% (31 December 2023: 4.30% and 6.00% per annum).

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

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

8 BANK DEPOSITS (continued)

The movement of the impairment is summarised as follows;

	2024	2023
As at 1 January	4,988	66,113
Reversal for the year	(453)	(61,125)
As at 31 December	4,535	4,988

The bank deposits are held under lien by the following:

	2024	2023
Financial Services Authority	16,658,496	15,440,268

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Fair Value		Average Cost	
	2024	2023	2024	2023
Financial assets designated as at FVTPL	2,195,444	1,311,942	2,170,829	1,302,333
	2,195,444	1,311,942	2,170,829	1,302,333

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

	2024	2023
As at 1 January	1,311,942	909,901
Acquisitions during the year	1,054,293	1,228,674
Disposals during the year	(194,286)	(829,933)
Net unrealised change in fair value recognised in profit or loss (Note 24)	23,495	3,300
As at 31 December	2,195,444	1,311,942

Financial assets designated as at FVTPL includes structured notes issued and distributed by an international bank, which are denominated in United States Dollars (USD) and Euros, have a nominal redemption value of the investment equivalent to 669,793 (2023: RO 195,406), subject to certain conditions being met. The notes carry fixed income coupon rate of 13.94% to 14.53% (2023: 14.13% per annum). These notes are due to mature in June of 2025, unless auto recalled at an earlier date based on the terms agreed upon.

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

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

10 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Fair value		Amortised / Average cost	
	2024	2023	2024	2023
Equity shares	4,704,911	3,017,890	4,392,535	4,340,768
Bonds	43,377,374	34,078,702	43,440,085	33,029,547
	48,082,285	37,096,592	47,832,620	37,370,315

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

	Fair value		Amortised / Average cost	
	2024	2023	2024	2023
Local - Oman				
Equity	1,743,512	436,467	1,703,844	1,998,711
Bonds	2,556	-	3,652	-
	1,746,068	436,467	1,707,496	1,998,711
Overseas - Outside Oman				
Equity	2,961,399	2,581,423	2,688,691	2,342,057
Bonds	43,374,818	34,078,702	43,436,433	33,029,547
	46,336,217	36,660,125	46,125,124	35,371,604
Overseas - Outside Oman				
Equity	2,961,399	2,581,423	2,688,691	2,342,057
Bonds	43,374,818	34,078,702	43,436,433	33,029,547
	46,336,217	36,660,125	46,125,124	35,371,604

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

	2024	2023
As at 1 January	37,096,592	28,919,418
Acquisitions during the year	16,487,310	13,349,726
Disposals during the year	(6,091,818)	(6,753,522)
Net realised change in fair value	491,279	(74,515)
Net unrealised change in fair value	(36,724)	1,537,285
Amortisation charge for the year	135,646	118,200
As at 31 December	48,082,285	37,096,592

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

10 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(c) Investment fair value reserve

The movement in investment fair value reserve can be summarised as below:

	2024	2023
As at 1 January	(492,801)	(1,732,631)
Net change in fair value during the year	(36,724)	1,537,285
Deferred tax charge (Note 23 (iii))	132,031	(225,635)
Net realised loss / (gain) transferred to retained earnings	491,279	(74,515)
Provision for expected credit losses	2,242	2,695
As at 31 December	96,027	(492,801)

(d) The market value of investment includes provision for expected credit losses on debt securities amounting to RO. 11,125 (31 December 2023: RO. 8,983). The movement of provision for expected credit losses is charged to profit and loss is as under:

	2024	2023
As at 1 January	8,983	6,288
Charge for the year	2,242	2,695
As at 31 December	11,225	8,983

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

	2024	2023
Financial Services Authority	6,555,726	6,555,726

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

11 RETROCESSION CONTRACTS

2024

	Assets for incurred claims			Total
	Assets for remaining coverage	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	
Opening retrocession contract assets	(15,770,006)	28,331,561	1,545,123	14,106,678
Opening retrocession contract liabilities	(535,474)	282,932	15,305	(237,237)
Net opening retrocession contract assets	(16,305,480)	28,614,493	1,560,428	13,869,441
Retrocession expense	(12,747,862)	-	-	(12,747,862)
Amounts recovered				
Amounts recoverable for incurred claims and other expenses	-	1,410,503	148,324	1,558,827
Changes to amounts recoverable for incurred claims	-	11,877,061	491,642	12,368,703
Retrocession service result	(12,747,862)	13,287,564	639,966	1,179,668
Retrocession finance income recognised in profit or loss	-	400,597	21,021	421,618
Total changes in the statement of profit or loss	(12,747,862)	13,688,161	660,987	1,601,286
Retrocession finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(12,747,862)	13,688,161	660,987	1,601,286
Cash flows				
Premiums paid	6,243,143	-	-	6,243,143
Recoveries from retrocessionaires	-	(2,331,327)	-	(2,331,327)
Recovered acquisition cash flows	-	-	-	-
Total cash flows	6,243,143	(2,331,327)	-	3,911,816
Net closing retrocession contract (assets) / liabilities	(22,810,199)	39,971,327	2,221,415	19,382,543
Closing retrocession contract assets	(21,534,730)	39,668,880	2,211,824	20,345,974
Closing retrocession contract liabilities	(1,275,469)	302,447	9,591	(963,431)
Net closing retrocession contract (assets) / liabilities	(22,810,199)	39,971,327	2,221,415	19,382,543

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

11 RETROCESSION CONTRACTS (continued)

2023

Assets for incurred claims

	Assets for remaining coverage	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	Total
Opening retrocession contract assets	449,781	30,312,413	1,914,768	32,676,962
Opening retrocession contract liabilities	(17,804,648)	-	-	(17,804,648)
Net opening retrocession contract assets	(17,354,867)	30,312,413	1,914,768	14,872,314
Retrocession expense	(10,616,388)	-	-	(10,616,388)
Amounts recovered				
Amounts recoverable for incurred claims and other expenses»	-	4,773,381	488,161	5,261,542
Changes to amounts recoverable for incurred claims	-	4,625,229	(904,803)	3,720,426
Retrocession service result	(10,616,388)	9,398,610	(416,642)	(1,634,420)
Retrocession finance income recognised in profit or loss	-	788,854	62,302	851,156
Total changes in the statement of profit or loss»	(10,616,388)	10,187,464	(354,340)	(783,264)
Retrocession finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(10,616,388)	10,187,464	(354,340)	(783,264)
Cash flows				
Premiums paid	11,665,775	-	-	11,665,775
Recoveries from retrocessionaires	-	(11,885,384)	-	(11,885,384)
Recovered acquisition cash flows	-	-	-	-
Total cash flows	11,665,775	(11,885,384)	-	(219,609)
Net closing retrocession contract (assets) / liabilities	(16,305,480)	28,614,493	1,560,428	13,869,441
Closing retrocession contract assets	(15,770,006)	28,331,561	1,545,123	14,106,678
Closing retrocession contract liabilities	(535,474)	282,932	15,305	(237,237)
Net closing retrocession contract (assets) / liabilities	(16,305,480)	28,614,493	1,560,428	13,869,441

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

12 ACCRUED INCOME

	2024	2023
Interest accrued on investments	<u>1,375,177</u>	<u>1,013,431</u>

13 OTHER RECEIVABLES

	2024	2023
Loans, advances (gross) and prepayments	360,652	290,371
Provision for expected credit losses	<u>(18,380)</u>	<u>(18,380)</u>
Loans, advances (net) and prepayments	<u>342,272</u>	<u>271,991</u>

The movement in provision for expected credit losses is as follows:

	2024	2023
As at 1 January and 31 December	<u>18,380</u>	<u>18,380</u>

14 INVESTMENT PROPERTY

	2024	2023
As at 1 January and 31 December	2,100,000	2,084,592
Fair value adjustment on investment property	<u>-</u>	<u>15,408</u>
	<u>2,100,000</u>	<u>2,100,000</u>

The carrying amount of the investment properties is the aggregate fair value (Level-3 fair value hierarchy) as determined by an independent property valuer on the basis of unobservable inputs. Fair value was determined as being the most probable price the property can fetch in a competitive open market. The property has been valued by an independent valuer on an open market basis as at 31 December 2024 at 2,100,000 (2023:RO 2,100,000).

15 INTANGIBLE ASSETS

The movement in intangible assets is as follows:-

	2024	2023
Cost		
As at 1 January	430,426	410,965
Acquisition during the year	<u>-</u>	<u>19,461</u>
As at 31 December	<u>430,426</u>	<u>430,426</u>
Accumulated amortisation		
As at 1 January	349,670	290,078
Charge for the year	<u>58,644</u>	<u>59,592</u>
As at 31 December	<u>408,314</u>	<u>349,670</u>
Net book amount		
As at 31 December	<u>22,112</u>	<u>80,756</u>

Intangible assets comprise of a software license fee which is being amortised over a period of 4 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

16 FIXTURES, FURNITURE AND EQUIPMENT

(a) The movement in Fixtures, furniture and equipment is as set out below:

2024	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
As at 1 January 2024	81,939	228,013	231,150	541,102
Additions during the year	28,571	71,310	43,549	143,430
Disposals during the year	-	(85)	(1,971)	(2,056)
As at 31 December 2024	110,510	299,238	272,728	682,476
Accumulated depreciation				
As at 1 January 2024	63,298	219,732	194,197	477,227
Charge for the year	12,955	8,984	24,003	45,942
Relating to disposals	-	(85)	(1,693)	(1,778)
As at 31 December 2024	76,253	228,631	216,507	521,391
Carrying amount				
As at 31 December 2024	34,257	70,607	56,221	161,085
2023	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
As at 1 January 2023	74,122	227,713	214,200	516,035
Additions during the year	7,817	300	17,886	26,003
Disposals during the year	-	-	(936)	(936)
As at 31 December 2023	81,939	228,013	231,150	541,102
Accumulated depreciation				
As at 1 January 2023	47,870	201,686	173,911	423,467
Charge for the year	15,428	18,046	20,929	54,403
Relating to disposals	-	-	(643)	(643)
As at 31 December 2023	63,298	219,732	194,197	477,227
Carrying amount				
As at 31 December 2023	18,641	8,281	36,953	63,875

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

17 REINSURANCE CONTRACTS

2024

	Liabilities for incurred claims			
	Liabilities for remaining coverage	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(130,310)	91,220	4,995	(34,095)
Opening reinsurance contract liabilities	(22,053,390)	64,431,751	4,902,463	47,280,824
Net opening reinsurance contract (assets) / liabilities	(22,183,700)	64,522,971	4,902,463	47,246,729
Reinsurance revenue	(49,894,863)	-	-	(49,894,863)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	31,388,760	2,972,255	34,361,015
Amortisation of insurance acquisition cash flows	12,069,571	-	-	12,069,571
Adjustments to liabilities for incurred claims	-	3,494,840	(1,783,672)	1,711,168
Reinsurance service expenses	12,069,571	34,883,600	1,188,583	48,141,754
Reinsurance service result	(37,825,292)	34,883,600	1,188,583	(1,753,109)
Reinsurance finance expense recognised in profit or loss	-	1,211,008	100,878	1,311,886
Total changes in the statement of profit or loss	(37,825,292)	36,094,608	1,289,461	(441,223)
Reinsurance finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(37,825,292)	36,094,608	1,289,461	(441,223)
Cash flows				
Premiums received	41,133,232	-	-	41,133,232
Claims and other insurance service expenses paid	-	(17,651,941)	-	(17,651,941)
Reinsurance acquisition cash flows	(8,730,758)	-	-	(8,730,758)
Total cash flows	32,402,474	(17,651,941)	-	14,750,533
Net Closing reinsurance contract (assets) / liabilities	(27,606,518)	82,965,638	6,191,924	61,556,039
Closing reinsurance contract assets	(2,060,943)	1,115,538	100,318	(845,087)
Closing reinsurance contract liabilities	(25,545,575)	81,850,100	6,096,601	62,401,126
Net Closing reinsurance contract (assets) / liabilities	(27,606,518)	82,965,638	6,191,924	61,556,039

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

17 REINSURANCE CONTRACTS (continued)

2023

Liabilities for incurred claims

	Liabilities for remaining coverage	« Estimation of the present value of the future cash flows »	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(16,799,531)	(166)	-	(16,799,697)
Opening reinsurance contract liabilities	412,489	56,910,103	4,742,881	62,065,473
Net opening reinsurance contract (assets) / liabilities	<u>(16,387,042)</u>	<u>56,909,937</u>	<u>4,742,881</u>	<u>45,265,776</u>
Reinsurance revenue	(42,100,184)	-	-	(42,100,184)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	16,839,880	1,605,788	18,445,668
Amortisation of insurance acquisition cash flows	10,574,127	-	-	10,574,127
Adjustments to liabilities for incurred claims	-	9,450,318	(1,585,963)	7,864,355
Reinsurance service expenses	<u>10,574,127</u>	<u>26,290,198</u>	<u>19,825</u>	<u>36,884,150</u>
Reinsurance service result	<u>(31,526,057)</u>	<u>26,290,198</u>	<u>19,825</u>	<u>(5,216,034)</u>
Reinsurance finance income recognised in profit or loss	-	1,544,488	144,752	1,689,240
Total changes in the statement of profit or loss	<u>(31,526,057)</u>	<u>27,834,686</u>	<u>164,577</u>	<u>(3,526,794)</u>
Reinsurance finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	<u>(31,526,057)</u>	<u>27,834,686</u>	<u>164,577</u>	<u>(3,526,794)</u>
Cash flows				
Premiums received	33,986,793	-	-	33,986,793
Claims and other insurance service expenses paid	-	(20,221,652)	-	(20,221,652)
Reinsurance acquisition cash flows	(8,257,394)	-	-	(8,257,394)
Total cash flows	<u>25,729,399</u>	<u>(20,221,652)</u>	<u>-</u>	<u>5,507,747</u>
Net Closing reinsurance contract (assets) / liabilities	<u>(22,183,700)</u>	<u>64,522,971</u>	<u>4,907,458</u>	<u>47,246,729</u>
Closing reinsurance contract assets	(130,310)	91,220	4,995	(34,095)
Closing reinsurance contract liabilities	(22,053,390)	64,431,751	4,902,463	47,280,824
Net Closing reinsurance contract (assets) / liabilities	<u>(22,183,700)</u>	<u>64,522,971</u>	<u>4,907,458</u>	<u>47,246,729</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

17 REINSURANCE CONTRACTS (continued)

17.1 The company monitors and categorises its portfolios in two reporting segments namely, facultative and treaty portfolios. The reinsurance contract liabilities for facultative and treaty are as follows:

2024

	Facultative			
	Liabilities for incurred claims			
	Liabilities for remaining coverage	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(102,315)	91,092	4,948	(6,275)
Opening reinsurance contract liabilities	(10,102,047)	29,209,582	2,508,729	21,616,264
Net opening reinsurance contract (assets) / liabilities	(10,204,362)	29,300,674	2,508,729	21,609,989
Reinsurance revenue	(25,145,289)	-	-	(25,145,289)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	17,339,115	1,664,496	19,003,611
Amortisation of insurance acquisition cash flows	5,810,318	-	-	5,810,318
Adjustments to liabilities for incurred claims	-	(821,187)	(891,729)	(1,712,916)
Reinsurance service expenses	5,810,318	16,517,928	772,767	23,101,013
Reinsurance service result	(19,334,971)	16,517,928	772,767	(2,044,276)
Reinsurance finance expense recognised in profit or loss	-	472,131	45,112	517,243
Total changes in the statement of profit or loss	(19,334,971)	16,990,059	817,879	(1,527,033)
Reinsurance finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(19,334,971)	16,990,059	817,879	(1,527,033)
Cash flows				
Premiums received	20,244,035	-	-	20,244,035
Claims and other insurance service expenses paid	-	(6,646,482)	-	(6,646,482)
Reinsurance acquisition cash flows	(3,978,404)	-	-	(3,978,404)
Total cash flows	16,265,631	(6,646,482)	-	9,619,149
Net Closing reinsurance contract (assets) / liabilities	(13,273,702)	39,644,251	3,326,608	29,702,105
Closing reinsurance contract assets	(1,990,844)	1,060,993	94,658	(835,193)
Closing reinsurance contract liabilities	(11,282,858)	38,583,258	3,236,898	30,537,298
Net Closing reinsurance contract (assets) / liabilities	(13,273,702)	39,644,251	3,326,608	29,702,105

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

17 REINSURANCE CONTRACTS (continued)

2024

	Treaty			Total
	Liabilities for incurred claims	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	
	Liabilities for remaining coverage			
Opening reinsurance contract assets	(27,994)	174	-	(27,820)
Opening reinsurance contract liabilities	(11,951,344)	35,222,123	2,393,781	25,664,560
Net opening reinsurance contract (assets) / liabilities	(11,979,338)	35,222,297	2,393,781	25,636,740
Reinsurance revenue	(24,749,574)	-	-	(24,749,574)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	14,049,645	1,307,759	15,357,404
Amortisation of insurance acquisition cash flows	6,259,253	-	-	6,259,253
Adjustments to liabilities for incurred claims	-	4,316,027	(891,943)	3,424,084
Reinsurance service expenses	6,259,253	18,365,672	415,816	25,040,741
Reinsurance service result	(18,490,321)	18,365,672	415,816	291,167
Reinsurance finance income recognised in profit or loss	-	738,877	55,766	794,643
Total changes in the statement of profit or loss	(18,490,321)	19,104,549	471,582	1,085,810
Reinsurance finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(18,490,321)	19,104,549	471,582	1,085,810
Cash flows				
Premiums received	20,889,197	-	-	20,889,197
Claims and other insurance service expenses paid	-	(11,005,459)	-	(11,005,459)
Reinsurance acquisition cash flows	(4,752,354)	-	-	(4,752,354)
Total cash flows	16,136,843	(11,005,459)	-	5,131,384
Net Closing reinsurance contract (assets) / liabilities	(14,332,816)	43,321,387	2,865,363	31,853,934
Closing reinsurance contract assets	(70,099)	54,591	5,614	(9,894)
Closing reinsurance contract liabilities	(14,262,717)	43,266,796	2,859,749	31,863,828
Net Closing reinsurance contract (assets) / liabilities	(14,332,816)	43,321,387	2,865,363	31,853,934

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

17 REINSURANCE CONTRACTS (continued)

2023

	Facultative			
	Liabilities for incurred claims			
	Liabilities for remaining coverage	Estimation of the present value of the future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(7,036,762)	-	-	(7,036,762)
Opening reinsurance contract liabilities	314,193	28,066,873	2,535,972	30,917,038
Net opening reinsurance contract (assets) / liabilities	(6,722,569)	28,066,873	2,535,972	23,880,276
Reinsurance revenue	(20,856,067)	-	-	(20,856,067)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	7,821,425	741,136	8,562,561
Amortisation of insurance acquisition cash flows	4,711,730	-	-	4,711,730
Adjustments to liabilities for incurred claims	-	(1,205,665)	(841,572)	(2,047,237)
Reinsurance service expenses	4,711,730	6,615,760	(100,436)	11,227,054
Reinsurance service result	(16,144,337)	6,615,760	(100,436)	(9,629,013)
Reinsurance finance expense recognised in profit or loss	-	813,916	78,141	892,057
Total changes in the statement of profit or loss	(16,144,337)	7,429,676	(22,295)	(8,736,956)
Reinsurance finance income/expense recognised in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(16,144,337)	7,429,676	(22,295)	(8,736,956)
Cash flows				
Premiums received	16,068,559	-	-	16,068,559
Claims and other insurance service expenses paid	-	(6,195,875)	-	(6,195,875)
Reinsurance acquisition cash flows	(3,406,015)	-	-	(3,406,015)
Total cash flows	12,662,544	(6,195,875)	-	6,466,669
Net Closing reinsurance contract (assets) / liabilities	(10,204,362)	29,300,674	2,513,677	21,609,989
Closing reinsurance contract assets	(102,315)	91,092	4,948	(6,275)
Closing reinsurance contract liabilities	(10,102,047)	29,209,582	2,508,729	21,616,264
Net Closing reinsurance contract (assets) / liabilities	(10,204,362)	29,300,674	2,513,677	21,609,989

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

17 REINSURANCE CONTRACTS (continued)

2023

Treaty

Liabilities for incurred claims

	Liabilities for remaining coverage	« Estimation of the present value of the future cash flows «	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(9,762,769)	(166)	-	(9,762,935)
Opening reinsurance contract liabilities	98,296	28,843,230	2,206,909	31,148,435
Net opening reinsurance contract (assets) / liabilities	(9,664,473)	28,843,064	2,206,909	21,385,500
Reinsurance revenue	(21,244,117)	-	-	(21,244,117)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	9,018,455	864,652	9,883,107
Amortisation of insurance acquisition cash flows	5,862,397	-	-	5,862,397
Adjustments to liabilities for incurred claims	-	10,655,983	(744,391)	9,911,592
Reinsurance service expenses	5,862,397	19,674,438	120,261	25,657,096
Reinsurance service result	(15,381,720)	19,674,438	120,261	4,412,979
Reinsurance finance income recognized in profit or loss	-	730,572	66,611	797,183
Total changes in the statement of profit or loss	(15,381,720)	20,405,010	186,872	5,210,162
Reinsurance finance income/expense recognized in OCI	-	-	-	-
Total changes in the statement of profit or loss and OCI	(15,381,720)	20,405,010	186,872	5,210,162
Cash flows				
Premiums received	17,918,234	-	-	17,918,234
Claims and other insurance service expenses paid	-	(14,025,777)	-	(14,025,777)
Reinsurance acquisition cash flows	(4,851,379)	-	-	(4,851,379)
Total cash flows	13,066,855	(14,025,777)	-	(958,922)
Net Closing reinsurance contract (assets) / liabilities	(11,979,338)	35,222,297	2,393,781	25,636,740
Closing reinsurance contract assets	(27,994)	174	-	(27,820)
Closing reinsurance contract liabilities	(11,951,344)	35,222,123	2,393,781	25,664,560
Net Closing reinsurance contract (assets) / liabilities	(11,979,338)	35,222,297	2,393,781	25,636,740

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

18 OTHER PAYABLES

	2024	2023
Other payables	956,397	44,473
	956,397	44,473

19 SHARE CAPITAL

The authorised share capital of the Company is RO 40 million. The issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce, Industry and Investment Promotion, is RO 32,615,926 (2023: RO 32,615,926), comprising of 300,000,000 shares of 100 baiza each and 30,775,600 shares of 85 baiza.

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

	2024	2023
Trust International Insurance & Reinsurance Company B.S.C. (Bahrain)	39.80%	27.18%
Qatar General Insurance & Reinsurance Company S.A.Q.	22.30%	22.30%
Al Zawawi Trading Company LLC	8.62%	9.07%
Omar Zawawi Establishment LLC	8.36%	8.62%

20 LEGAL RESERVE

In accordance with Article 132 of the Commercial Companies Law of the Sultanate of Oman, 10% of the Company's net profit for the year is to be transferred to a non-distributable legal reserve until such time as the amount of the legal reserve becomes equal to one-third of the Company's issued and fully paid-up share capital. During the year ended 31 December 2024, the Company has transferred an amount of RO 301,120 to the legal reserve (2023: RO 255,570).

21 CONTINGENCY RESERVE

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

As the Company's profits are not sufficient enough to transfer 10% of the outstanding claims to the contingency reserve, all the profits earned during the year ended 31 December 2024 net of transfer to legal reserve, amounting to RO 2,710,079 has been transferred to the contingency reserve (2023: RO 2,300,125).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

22 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Shareholders with significant influence:	2024	2023
Reinsurance		
Reinsurance Revenue	<u>1,325,458</u>	<u>1,193,059</u>
Reinsurance service expense	<u>144,434</u>	<u>306,761</u>
Retrocession		
Retrocession expense	<u>53,705</u>	<u>287,269</u>
Amounts recovered from retrocessionaires	<u>576,194</u>	<u>267,318</u>
(b) Key management compensation:		
Directors' remuneration		
Directors' sitting fees	<u>49,600</u>	<u>54,400</u>
Key management remuneration		
Salaries and employment benefits	<u>503,875</u>	<u>465,162</u>
(c) Other transactions		
Software maintenance expenses	<u>38,450</u>	<u>28,838</u>
(d) Related party balances		
Shareholders with significant influence:		
Reinsurance contract liabilities	<u>2,860,500</u>	<u>3,448,375</u>
Retrocession contract assets	<u>140,096</u>	<u>1,358,382</u>

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

23 TAXATION

Tax assessments of the Company for the years upto 2020 have been finalised. Tax assessments for the years 2021 to 2023 have not yet been agreed with the Tax Authority. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's financial position as at 31 December 2024.

The Company has reported a net taxable profit for the year. A provision for tax of 575,511 (2023: RO 578,317) has been recognised in the current year.

(i) Tax expense

	2024	2023
Current tax		
Charge for the current period	575,511	578,317
Charge for prior periods	202	-
	575,713	578,317
Charge for the current period (profit or loss)	8,101	(117,639)
Credit for the current period (other comprehensive income)	(132,031)	225,635
	(123,930)	107,996
	583,814	
Net charge to the profit or loss		460,678
Net credit to other comprehensive income	(132,031)	225,635
	451,783	686,313

The Company is subject to income tax at the rate of 15% of taxable profit (2023 : 15%).

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

	2024	2023
Net profit before tax for the year	3,595,013	3,016,373
Tax at the applicable rate (15%)	539,252	452,456
Expenses not deductible for tax purposes	44,477	8,222
Prior years adjustments in provision	85	-
Total tax expenses as per profit or loss	583,814	460,678

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

23 TAXATION (continued)

(ii) Current tax liability:

	2024	2023
As at 1 January	312,911	101,977
Charge for the period	575,713	578,317
Paid during the period	(576,480)	(367,383)
As at 31 December	312,144	312,911

(iii) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 15% (2023: 15%). Deferred tax arises on account of temporary differences between the tax base of assets, liabilities and losses and their carrying values in the statement of financial position. Deferred tax (asset) and liabilities are attributable as under:

	2024	2023
As at 1 January	82,502	190,498
Credit recognised in profit or loss	(8,101)	117,639
Credit recognised in other comprehensive income (Note 10 (c))	132,031	(225,635)
At 31 December	206,432	82,502

24 INVESTMENT AND OTHER INCOME - NET

	2024	2023
Interest on bonds and bank deposits	3,440,370	2,676,382
Dividend income	44,763	57,900
Realised gains / (loss) on sale of investments at fair value through other comprehensive income	21,830	(12,631)
Unrealised fair value gains on investments at fair value through profit or loss (Note 9)	23,495	3,300
Gain / (loss) on sale of fixtures, furniture and equipment	296	(34)
Custody expenses	(72,974)	(85,592)
Miscellaneous income	-	198
(Provision)/reversal for expected credit loss on assets held on amortized cost and fair value through other comprehensive income	(1,789)	58,430
Unrealised fair value gains on investment property	-	15,408
	3,455,991	2,713,361

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

25 SALARIES AND OTHER RELATED STAFF COSTS

	2024	2023
Salaries and allowances	1,986,020	1,858,053
Provision for leave salary	19,739	31,946
Employees' benefit liabilities	68,212	66,589
Social security costs	105,261	86,998
Other staff costs	377,914	392,127
	2,557,146	2,435,713

26 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Salaries and other related staff costs (Note 25)	2,557,146	2,435,713
Legal and professional fees	263,807	293,588
Depreciation and amortisation (Notes 16 and 15)	104,586	113,995
Business travel expenses	77,899	86,903
Computer expenses	139,823	100,689
Short-term lease rentals	78,914	76,738
Meeting related expenses	61,326	69,568
Advertising and business promotion expenses	141,134	65,178
Telephone, fax and postage	27,399	27,541
Office maintenance	21,551	15,332
Miscellaneous expenses	129,314	127,886
	3,602,899	3,413,131

	2024	2023
Expenses attributable to acquisition	1,053,670	841,504
Expenses attributable to maintenance	943,790	895,113
Non-attributable expenses	1,605,439	1,676,514
	3,602,899	3,413,131

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

27 EARNINGS PER SHARE

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

	2024	2023
Weighted average number of shares (number)	330,775,600	330,775,600
Net profit for the year	3,011,199	2,555,695
Earnings per share - Basic and diluted	0.0091	0.0077

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

28 NET ASSETS PER SHARE

The calculation of the net assets per share is based on net assets as at 31 December 2024 attributable to ordinary shareholders of RO 35,317,661 (31 December 2023: RO 32,208,913) divided by the number of shares outstanding at the year-end of 330,775,600 (31 December 2023: 330,775,600 ordinary shares).

	2024	2023
Net assets as at 31 December (RO)	35,317,661	32,208,913
Number of shares outstanding	330,775,600	330,775,600
Net assets per share (RO)	0.107	0.097

29 OPERATING SEGMENT

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

29 OPERATING SEGMENT (continued)

The Company has the following operating segments:

	2024		
	Facultative	Treaty	Total
Gross classification based on inward business			
Reinsurance revenue	25,145,289	24,749,574	49,894,863
Incurred claims and other insurance service expenses	19,003,611	15,357,404	34,361,015
Amortisation of insurance acquisition cash flows	5,810,318	6,259,253	12,069,571
Adjustments to liabilities for incurred claims	(1,712,916)	3,424,084	1,711,168
Reinsurance service expense	23,101,013	25,040,741	48,141,754
Reinsurance service result before retrocession contracts held	2,044,276	(291,167)	1,753,109
Retrocession expense			12,747,862
Incurred claims and other insurance service expenses			1,558,827
Amortisation of insurance acquisition cash flows			-
Adjustments to liabilities for incurred claims			12,368,703
Amounts recovered from retrocessionaires			13,927,530
Net expense from retrocession			(1,179,668)
Reinsurance service results			2,932,777
	2023		
	Facultative	Treaty	Total
Gross classification based on inward business			
Reinsurance revenue	20,856,067	21,244,117	42,100,184
Incurred claims and other insurance service expenses	8,562,561	9,883,107	18,445,668
Amortisation of insurance acquisition cash flows	4,711,730	5,862,397	10,574,127
Adjustments to liabilities for incurred claims	(2,047,237)	9,911,592	7,864,355
Reinsurance service expense	11,227,054	25,657,096	36,884,150
Reinsurance service result before retrocession contracts held	9,629,013	(4,412,979)	5,216,034
Retrocession expense			10,616,388
Incurred claims and other insurance service expenses			5,261,542
Amortisation of insurance acquisition cash flows			-
Adjustments to liabilities for incurred claims			3,720,426
Amounts recovered from retrocessionaires			8,981,968
Net expense from retrocession			1,634,420
Reinsurance service results			3,581,614

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

(a) Insurance risk

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

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

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

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

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

Sources of uncertainty in the estimation of future claims payments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and incurred but Not Reported (IBNR) for each successive underwriting year at each statement of financial position date, together with cumulative payments to date.

Gross Underwriting year	2018 and prior	2019	2020	2021	2022	2023	2024	Total
Underwriting year	15,311,556	9,287,553	6,768,649	7,594,819	4,354,495	12,519,157	16,016,635	
One year later	44,274,241	20,016,407	14,508,617	13,360,808	17,204,425	30,532,185	-	
Two years later	59,374,702	20,664,131	14,585,120	16,965,437	20,154,376	-	-	
Three years later	61,729,429	19,400,922	14,679,791	17,394,713	-	-	-	
Four years later	63,267,076	18,677,192	13,725,901	-	-	-	-	
Five years later	60,100,256	18,520,663	-	-	-	-	-	
More than five years	59,325,413	-	-	-	-	-	-	
Current estimate of cumulative claims	59,325,413	18,520,663	13,725,901	17,394,713	20,154,376	30,532,185	16,016,635	175,669,886
Cumulative payments to date	(55,916,261)	(15,498,341)	(10,052,070)	(11,484,274)	(11,565,132)	(11,931,104)	(2,348,815)	(118,795,997)
IBNR	135,375	219,921	523,562	738,105	1,671,971	5,228,371	8,289,821	16,807,126
Total gross outstanding claims								
liabilities (Undiscounted)	4,369,875	7,118,292	8,802,564	15,089,267	13,884,063	23,829,452	21,957,641	73,681,015
Discount factor								(7,955,696)
Total gross outstanding claims liabilities (Discounted)								65,725,319

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

Claims development table (continued)

Net Underwriting year	2018 and prior	2019	2020	2021	2022	2023	2024	Total
Underwriting year	6,668,298	2,755,223	1,145,442	4,786,078	3,979,863	9,060,113	3,514,573	
One year later	22,865,596	5,945,560	6,713,477	10,630,720	7,408,869	23,922,041		
Two years later	31,739,326	6,844,859	10,109,129	12,933,747	10,115,953	-		
Three years later	34,714,713	7,720,282	7,055,948	13,118,246	-	-		
Four years later	35,055,967	6,129,091	6,921,756	-	-	-		
Five years later	30,069,748	5,998,138	-	-	-	-		
More than five years	29,566,395	-	-	-	-	-		
Current estimate of cumulative claims	29,566,395	5,998,138	6,921,756	13,118,246	10,115,953	23,922,041	3,514,573	93,157,102
Cumulative payments to date	(28,049,355)	(4,680,856)	(5,004,470)	(8,877,411)	(3,582,378)	(10,444,995)	(1,598,290)	(62,237,755)
IBNR	44,057	118,774	423,986	706,829	1,565,729	5,101,800	8,010,386	15,971,561
Total net outstanding claims liabilities (Undiscounted)	2,159,694	3,142,078	6,969,079	11,481,879	11,580,722	18,578,846	9,926,669	46,890,908
Discount factor							(4,623,091)	
Total net outstanding claims liabilities as per (Discounted)								42,267,817

(a) Sensitivity analysis

2024	Profit and Loss		Equity	
	Gross	Net	Gross	Net
Claims expense (5% increase)	(1,804,730)	(1,120,322)	(1,120,322)	(1,120,322)
Claims expense 5% decrease	1,804,730	1,120,322	1,804,730	1,120,322
2023				
Claims expense (5% increase)	(1,391,734)	(882,361)	(1,391,734)	(882,361)
Claims expense 5% decrease	1,391,734	882,361	1,391,734	882,361

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk

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

(i) Price risk

The Company is exposed to price risk because of investments held by the Company which are classified as fair value through other comprehensive income. All investment securities present a risk of loss of capital. The Company controls this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the carrying amount of the financial instruments. The Company's overall market positions are monitored on a daily basis and are reviewed periodically by the management and Board of Directors. Impact of 5% increase/decrease of the Market Index on the Company's investments at fair value through other comprehensive income and through profit or loss for the year would be RO 2,513,886 (2023: RO 1,920,427). The analysis is based on the assumption that the market index increases/decreases by 5% with all other variables held constant and all the Company's instruments would have moved according to the historical correlation with the index.

(ii) Interest rate risk

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

As part of Company's liquidity management policies, management also place cash in bank deposits and call accounts. These placements are with a maturity period of less than a year. The interest on these placements is set at the beginning of the term. Accordingly, these placements expose the Company to cash flow interest rate risk. The Company carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the Company's needs. If the interest rates on bank deposits would have changed, with all other variables held constant, by 50 basis points for the year, interest income would have been lower/higher by RO 109,917 (2023: RO 110,848).

(iii) Foreign exchange risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

(iii) Foreign exchange risk (continued)

Currency risk

31 December 2024

	Omani Rial	US Dollar	Egyptian Pound	Others	Total
Assets					
Bank balances	79,981	1,352,689	-	863,260	2,295,930
Bank deposits	21,978,961	-	-	-	21,978,961
Investments in fair value through other comprehensive income	2,943,482	43,465,971	-	3,264,120	49,673,573
Investments in fair value through profit or loss	-	216,935	-	387,221	604,156
Other receivables	268,327	43,121	-	30,824	342,272
Accrued Income	630,469	655,243	-	89,465	1,375,177
Retrocession contract assets	19,382,543	-	-	-	19,382,543
Total assets	45,283,763	45,733,959	-	4,634,890	95,652,612
Liabilities					
Reinsurance contract liabilities	2,009,049	27,131,001	3,880	32,412,109	61,556,039
Other payables	904,139	13,526	-	38,732	956,397
Total liabilities	2,913,188	27,144,527	3,880	32,450,841	62,512,436
Net assets/(liabilities)	42,370,575	18,589,432	(3,880)	(27,815,951)	33,140,176

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

(iii) Foreign exchange risk (continued)

Currency risk	31 December 2023				
	Omani Rial	US Dollar	Egyptian Pound	Others	Total
Assets					
Bank balances	41,123	1,043,239	-	673,608	1,757,970
Bank deposits	20,818,742	1,345,750	-	-	22,164,492
Investments in fair value through other comprehensive income	1,553,003	34,565,163	-	2,094,962	38,213,128
Investments in fair value through profit or loss	-	195,406	-	-	195,406
Other receivables	271,991	-	-	-	271,991
Accrued Income	436,457	560,490	-	16,484	1,013,431
Retrocession contract assets	13,915,267	-	-	-	13,915,267
Total assets	37,036,583	37,710,048	-	2,785,054	77,531,685
Liabilities					
Reinsurance contract liabilities	2,383,236	19,453,076	198,618	25,211,799	47,246,729
Other payables	121,712	-	-	-	121,712
Total liabilities	2,504,948	19,453,076	198,618	25,211,799	47,368,441
Net assets/(liabilities)	34,531,635	18,256,972	(198,618)	(22,426,745)	30,163,244

The Company manages the risk through regular monitoring of the currency markets and maintaining appropriate mix of net assets denominated in foreign currencies to minimise the foreign exchange risk exposure. The Company is not exposed to foreign exchange risk from net assets denominated in US Dollar or in currencies linked to the US Dollar as the rate of exchange between the Omani Rial and the US Dollar has not changed since January 1986. The Company is exposed to foreign exchange risk for net assets denominated in other foreign currencies. If the currency rates on such other foreign currencies would have changed, with all other variables held constant, by 500 basis points, foreign exchange exposure would have been lower/higher by 727,537 (2023: RO 595,314).

(iv) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

(iv) Credit risk (continued)

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

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

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

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

	2024	2023
Bank deposits	21,978,961	22,164,492
Other receivables	342,272	271,991
Accrued income	1,375,177	1,013,431
Retrocession contract assets	19,382,543	13,869,441
Cash and cash equivalents	2,295,930	1,757,970
	45,374,883	39,077,325

(v) Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

30 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

(v) Liquidity risk (continued)

31 December 2024	Upto 1 year	1 - 2 year	2 - 3 years	> 3 years	Total
Reinsurance contract liabilities (claims)	46,829,736	13,123,054	4,789,042	8,939,183	73,681,015
Other payables	956,397	-	-	-	956,397
Current tax liability	312,144	-	-	-	312,144
	<u>48,098,277</u>	<u>13,123,054</u>	<u>4,789,042</u>	<u>8,939,183</u>	<u>74,949,556</u>
31 December 2023					
Reinsurance contract liabilities (claims)	19,149,104	12,904,267	7,357,105	16,288,488	55,698,964
Other payables	44,473	-	-	-	44,473
Current tax liability	312,911	-	-	-	312,911
	<u>19,506,488</u>	<u>12,904,267</u>	<u>7,357,105</u>	<u>16,288,488</u>	<u>56,056,348</u>

Capital risk management

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

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

Fair value estimation

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

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

The Company holds investments at fair value through other comprehensive income of RO 48,082,285 (2023: RO 37,096,592) and investments at fair value through profit or loss of RO 1,525,651 (2023: RO 1,116,536) which are categorised as level 1 and structured notes in investments at fair value through profit or loss of RO 669,973 (2023: RO 195,406) which are categorised as level 2. The Company's investment property is valued by applying level 3 technique. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Omani Rial)

31 SUBSEQUENT EVENTS

There were no other events subsequent to 31 December 2024 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

32 MACROECONOMIC UNCERTAINTIES

32.1 Geopolitical uncertainty

The war in Ukraine triggered a number of IFRS accounting considerations affecting the financial statements. Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on Belarus. The situation, together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources, will directly impact entities that have significant operations or exposures in, or to, Russia, Belarus or Ukraine.

Though the Company's direct exposure to countries directly involved in the recent international disputes is non-existent, the Company's operations are partially concentrated in economies that are relatively dependent on the price of crude oil and accordingly, the Company has considered any potential impact of current economic uncertainties in the inputs for the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

32.2 Climate related risks

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Company is currently evaluating its model landscape to incorporate climate-related risks and their impact on claims and premiums. The Company is also under progress in the development of climate risk scenarios that will be used to assess the impact of climate risk on forward-looking information; and in building the knowledge and capacity of its workforce in matters relating to climate-related risk. Despite the progress, the Company acknowledges the need for further efforts to fully integrate climate in the Company's risk assessments and management protocols.

33 COMPARATIVE FIGURES

Certain comparative figures for 2023 have been reclassified to conform to the presentation for the current year.