

**Oman Reinsurance Company SAOG**

**FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

# Oman Reinsurance Company SAOG

For the year ended 31 December 2025

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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 2025, 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 2025, 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)*, as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Sultanate of Oman. We have also 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
<b>Valuation of reinsurance contract liabilities - estimation of present value of cashflows and risk adjustment for non-financial risk</b>	
<p>As at 31 December 2025, estimate of present value of cash flows and risk adjustment for non-financial risk pertaining to Liabilities for incurred claims amounts to <b>₹</b> 90.7 Mn and <b>₹</b> 6.8 Mn (2024: <b>₹</b> 82.9 Mn and <b>₹</b> 6.1 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"> <li>• Understanding the Company's policies, process and internal controls related to the calculation of the reserve for outstanding claims;</li> <li>• 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;</li> <li>• Evaluated the competence, capabilities and objectivity of the internal and external experts used by the management;</li> <li>• 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;</li> <li>• 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"> <li>▪ 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;</li> </ul> </li> </ul>



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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)**

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<b>Valuation of reinsurance contract liabilities - estimation of present value of cashflows and risk adjustment for non-financial risk (continued)</b>	
The accounting policies relating to insurance contract assets and liabilities, use of estimates and judgements, and the disclosure relating to insurance contract assets and liabilities are set out in notes 4.1, 6, 17 to the separate and consolidated financial statements.	<ul style="list-style-type: none"><li>▪ 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</li><li>▪ Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed.</li><li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements.</li></ul>

**Other Information included in the Company's 2025 Annual Report**

Other information consists of the information included in the Company's 2025 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 2025 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.



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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)**

***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 as issued by the IASB 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.



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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)**

**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  
25 February 2026  
Muscat, Oman



# Oman Reinsurance Company SAOG

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(Expressed in OMR)

	Notes	31 December 2025	31 December 2024
<b>ASSETS</b>			
Cash and cash equivalents	7	4,522,350	2,295,930
Bank deposits	8	21,995,051	21,978,961
Investments at fair value through profit or loss	9	5,769,989	2,195,444
Investments at fair value through other comprehensive income	10	56,072,092	48,082,285
Reinsurance contract assets	17	614,466	845,087
Retrocession contract assets	11	17,242,105	20,345,974
Accrued income	12	1,469,596	1,375,178
Deferred tax asset	24	-	206,432
Other receivables	13	748,544	342,272
Investment property	14	2,100,000	2,100,000
Intangible assets	15	24,828	22,112
Fixtures, furniture and equipment	16	160,661	161,085
<b>TOTAL ASSETS</b>		<b>110,719,682</b>	<b>99,950,760</b>
<b>LIABILITIES</b>			
Retrocession contract liabilities	11	2,413,673	963,431
Reinsurance contract liabilities	17	64,271,617	62,401,126
Current tax liability	23	483,185	312,144
Deferred tax liability		102,489	-
Other payables	18	1,077,810	956,397
Reinsurance contract liabilities - due to retakaful policy holders	19	40,838	-
<b>TOTAL LIABILITIES</b>		<b>68,389,612</b>	<b>64,633,098</b>
<b>EQUITY</b>			
Share capital	20	32,615,926	32,615,926
Legal reserve	21	1,712,665	1,247,772
Investment fair value reserve	10	2,196,123	96,027
Contingency reserve	22	15,322,333	11,138,292
Accumulated losses		(9,516,977)	(9,780,355)
<b>TOTAL EQUITY</b>		<b>42,330,070</b>	<b>35,317,662</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>110,719,682</b>	<b>99,950,760</b>
<b>NET ASSETS PER SHARE</b>	28	<b>0.128</b>	<b>0.107</b>

The financial statements were approved and authorised for issue by the Board of Directors on 25 February 2026 and were signed on their behalf by:



Director



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 33 form part of these financial statements.

## Oman Reinsurance Company SAOG

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in **﷮**)

		31 December 2025	31 December 2024
	Notes		
Reinsurance revenue	17	54,276,238	49,894,863
Reinsurance service expense	17	(40,111,523)	(48,141,754)
Net (expense) / income from retrocession	11	(9,149,117)	1,179,668
Reinsurance service results		5,015,598	2,932,777
Reinsurance finance expense for reinsurance contracts issued	17	(3,970,662)	(1,311,886)
Retrocession finance income for retrocession contracts held	11	1,796,245	421,618
Takaful policyholder share of profit	19	(40,838)	-
Net reinsurance results		2,800,343	2,042,509
Investment and other income, net	24	4,073,739	3,455,991
<b>Net reinsurance and investment result</b>		<b>6,874,082</b>	<b>5,498,500</b>
General and administrative expenses	26	(1,816,851)	(1,605,439)
Foreign exchange gain / (loss), net		399,562	(298,048)
		(1,417,289)	(1,903,487)
<b>Profit before income tax</b>		<b>5,456,793</b>	<b>3,595,013</b>
Income tax expense	24	(807,859)	(583,814)
<b>Net Profit for the year</b>		<b>4,648,934</b>	<b>3,011,199</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Investments at fair value through other comprehensive income			
Valuation gains on equity investments at fair value through other comprehensive income	10	1,111,194	1,019,604
Deferred tax charge on valuation of equity investments at fair value through other comprehensive income	23	(43,893)	(5,217)
<b>Items that will or may be reclassified to profit or loss:</b>			
<b>Investments at fair value through other comprehensive income</b>			
Valuation (losses) / gains on debt instruments at fair value through other comprehensive income	10	1,499,894	(1,054,086)
Deferred tax charge on valuation of debt instruments at fair value through other comprehensive income	23	(203,721)	137,248
<b>Total other comprehensive income</b>		<b>2,363,474</b>	<b>97,549</b>
<b>Total comprehensive income</b>		<b>7,012,408</b>	<b>3,108,748</b>
Earnings per share - basic and diluted	27	0.0141	0.0091

The attached notes 1 to 33 form part of these financial statements

**Oman Reinsurance Company SAOG**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended 31 December 2025

(Expressed in **﷮**)

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 1 January 2024		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 investments at fair value through other comprehensive income		-	-	491,279	-	(491,279)	-
Transferred to legal reserve	21	-	301,120	-	-	(301,120)	-
Transferred to contingency reserve	22	-	-	-	2,710,079	(2,710,079)	-
<b>As at 31 December 2024</b>		<b>32,615,926</b>	<b>1,247,772</b>	<b>96,027</b>	<b>11,138,292</b>	<b>(9,780,355)</b>	<b>35,317,661</b>
Net profit for the year		-	-	-	-	4,648,934	4,648,934
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	2,363,474	-	-	2,363,474
Realised gain on sale of equity instrument at fair value through other comprehensive income	10	-	-	(263,378)	-	263,378	-
Transferred to legal reserve	21	-	464,893	-	-	(464,893)	-
Transferred to contingency reserve	22	-	-	-	4,184,041	(4,184,041)	-
<b>As at 31 December 2025</b>		<b>32,615,926</b>	<b>1,712,665</b>	<b>2,196,123</b>	<b>15,322,333</b>	<b>(9,516,977)</b>	<b>42,330,069</b>

The attached notes 1 to 33 form part of these financial statements.

## Oman Reinsurance Company SAOG

### STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Expressed in **oMR**)

	<i>Notes</i>	<b>2025</b>	<b>2024</b>
<b>Operating activities</b>			
Profit before income tax		5,456,793	3,595,013
<b>Adjustments for:</b>			
Depreciation on fixtures, furniture and equipment	16	58,971	45,942
Provision for impairment on assets held at amortized cost and at fair value through other comprehensive income	24	829	1,789
Gain on sale of investments at fair value through other comprehensive income	24	(12,097)	(21,830)
Amortisation of intangible assets	15	12,744	58,644
Gain on disposal of fixtures, furniture and equipment	24	(10,397)	(296)
Unrealised fair value loss on investments at fair value through profit or loss	24	(93,675)	(23,495)
Interest income from bank deposits	24	(3,807,457)	(3,440,370)
Dividend income	24	(192,812)	(44,763)
<b>Operating gain before working capital changes</b>		<b>1,412,899</b>	<b>170,634</b>
<b>Working capital changes</b>			
Other receivables		(406,272)	(70,281)
Reinsurance and retrocession funds		6,655,223	8,796,208
Other payables		121,413	911,924
Surplus in participation fund		40,838	-
<b>Net working capital changes</b>		<b>6,411,202</b>	<b>9,637,851</b>
Income tax paid		(575,511)	(576,480)
<b>Net cash generated from operating activities</b>		<b>7,248,590</b>	<b>9,232,005</b>
<b>Investing activities</b>			
Acquisition of investments at fair value through other comprehensive income		(12,261,026)	(16,487,310)
Acquisition of investments at fair value through profit or loss		(4,570,008)	(1,054,293)
Interest income received on bank deposits		3,654,470	2,942,978
Dividend income received on equity instruments		192,812	44,763
Purchase of fixtures, furniture and equipment		(59,025)	(143,430)
Proceeds from sale of fixtures, furniture and equipment		10,875	574
Proceeds from sale of investments at fair value through other comprehensive income		6,952,558	5,622,369
Proceeds from sale of investments at fair value through profit or loss		1,089,138	194,286
Payment for intangible assets		(15,460)	-
Net movement in bank deposits		(16,504)	186,018
<b>Net cash used in investing activities</b>		<b>(5,022,170)</b>	<b>(8,694,045)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,226,420</b>	<b>537,960</b>
Cash and cash equivalents, beginning of the year		2,295,930	1,757,970
<b>Cash and cash equivalents, end of the year</b>	<b>7</b>	<b>4,522,350</b>	<b>2,295,930</b>

The attached notes 1 to 33 form part of these financial statements.

# Oman Reinsurance Company SAOG

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025  
(Expressed in ~~OMR~~)

### 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 and retakaful window business on 15 February 2024 from the Financial Services Authority (FSA). The Company is principally engaged in underwriting reinsurance and retakaful business through retakaful window 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and comply with applicable 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 (~~OMR~~) which is the functional and reporting currency for the Company.

### 3 NEW STANDARDS AND AMENDMENTS IN EXISTING STANDARDS

#### 3.1 Amendments effective and adopted in the current year

The following amendment to existing standards mandatory for the first-time and have been adopted in the preparation of the financial statements for the year ended 31 December 2025:

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025  
 (Expressed in OMR)

**3 NEW STANDARDS AND AMENDMENTS IN EXISTING STANDARDS (continued)**

**3.1 Amendments effective and adopted in the current year (continued)**

<i>Amendments</i>	<i>Title</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to IAS 21	Lack of exchangeability	1 January 2025

The above amendment 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 and interpretations 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 and interpretations, if applicable, when they become effective.

<i>Standard or amendments</i>	<i>Title</i>	<i>Effective for annual periods beginning on or after</i>
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
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025  
(Expressed in **﷮**)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025  
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#### 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.

# Oman Reinsurance Company SAOG

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

### 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.

#### 4.5 Measurement - Premium Allocation Approach

	<i>IFRS -17 Options</i>	<i>Adopted Approach</i>
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.

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025  
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**4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)**

**4.5 Measurement - Premium Allocation Approach (continued)**

	<i>IFRS -17 Options</i>	<i>Adopted Approach</i>
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

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025  
(Expressed in OMR)

#### 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).

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### 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:

<i>Description</i>	<i>Years</i>
Motor vehicles	4
Furniture and fixtures	4
Office equipment	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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### **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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### 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);

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~OMR~~)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~OMR~~)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### **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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~OMR~~)

#### 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### **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 accounting standards 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### **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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in OMR)

#### 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.

## Oman Reinsurance Company SAOG

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in OMR)

#### 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.

	<i>1 year</i>		<i>3 year</i>		<i>5 year</i>		<i>10 year</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
Currency								
OMR	<u>5.16%</u>	<u>5.36%</u>	<u>4.04%</u>	<u>4.77%</u>	<u>4.23%</u>	<u>4.88%</u>	<u>4.67%</u>	<u>5.07%</u>

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### **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.

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in **﷮**)

**7 CASH AND CASH EQUIVALENTS**

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

	<b>2025</b>	<b>2024</b>
Cash on hand	<b>5,000</b>	4,957
Current and call account balances with banks	<b>4,517,350</b>	2,290,973
	<b>4,522,350</b>	2,295,930

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 2024: 3.00% to 4.00% per annum).

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

	<b>2025</b>	<b>2024</b>
A1	<b>315,360</b>	1,016,287
Baa3	<b>9,212,028</b>	6,191,356
Ba1	<b>16,990,013</b>	17,066,826

**8 BANK DEPOSITS**

	<b>2025</b>	<b>2024</b>
Non-current portion of bank deposits-gross	<b>16,175,000</b>	18,350,000
Impairment of assets at amortised cost	<b>(4,949)</b>	(4,535)
Non-current portion of bank deposits-net of impairment	<b>16,170,051</b>	18,345,465
Current portion of bank deposits	<b>5,825,000</b>	3,633,496
	<b>21,995,051</b>	21,978,961

Bank deposits represent deposits placed with commercial banks in the Sultanate of Oman and State of Qatar, which are denominated in **﷮** and USD and earn interest at commercial rates ranging between 4.00% to 6.00% (2024: 4.50% to 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.

Oman Reinsurance Company SAOG  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in ~~SR~~)

**8 BANK DEPOSITS (continued)**

The movement of the impairment is summarised as follows;

	2025	2024
As at 1 January	4,535	4,988
Charge / (Reversal) for the year	414	(453)
As at 31 December	<u>4,949</u>	<u>4,535</u>

The bank deposits are held under lien by the following:

	2025	2024
Financial Services Authority	<u>17,100,000</u>	<u>16,658,496</u>

**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:

	<i>Fair value</i>		<i>Average cost</i>	
	2025	2024	2025	2024
Financial assets designated as at FVTPL	5,769,989	2,195,444	2,053,613	2,170,829
	<u>5,769,989</u>	<u>2,195,444</u>	<u>2,053,613</u>	<u>2,170,829</u>

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

	2025	2024
As at 1 January	2,195,444	1,311,942
Acquisitions during the year	4,570,008	1,054,293
Disposals during the year	(1,089,138)	(194,286)
Net unrealised change in fair value recognised in profit or loss (Note 24)	93,675	23,495
As at 31 December	<u>5,769,989</u>	<u>2,195,444</u>

Financial assets designated as at FVTPL includes structured notes issued and distributed by an international bank, which is denominated in Euros, have a nominal redemption value of the investment equivalent to ~~SR~~ 226,054 (2024: ~~SR~~ 669,793), subject to certain conditions being met. The notes carry fixed income coupon rate of 9.05% (2024: 13.94% to 14.53% per annum). These notes are due to mature in September of 2026, 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.

Oman Reinsurance Company SAOG  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~SR~~)

10 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>Fair value</i>		<i>Amortised / Average cost</i>	
	2025	2024	2025	2024
Equity shares	5,003,998	4,704,911	7,842,115	4,392,535
Bonds	51,068,094	43,377,374	49,461,221	43,440,085
	<b>56,072,092</b>	<b>48,082,285</b>	<b>57,303,336</b>	<b>47,832,620</b>

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

Investments that will or may be reclassified to profit or loss:

	<i>Fair value</i>		<i>Amortised / Average cost</i>	
	2025	2024	2025	2024
<b>Bonds</b>				
- Overseas	48,565,465	43,374,818	46,957,569	43,436,433
- Local	2,502,629	2,556	2,503,652	3,652
	<b>51,068,094</b>	<b>43,377,374</b>	<b>49,461,221</b>	<b>43,440,085</b>

Investments that will not be reclassified to profit or loss:

	<i>Fair value</i>		<i>Amortised / Average cost</i>	
	2025	2024	2025	2024
<b>Equity and other similar instruments</b>				
- Overseas	1,315,993	2,961,399	4,709,413	2,688,691
- Local	3,688,005	1,743,512	3,132,702	1,703,844
	<b>5,003,998</b>	<b>4,704,911</b>	<b>7,842,115</b>	<b>4,392,535</b>

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

	2025	2024
As at 1 January	48,082,285	37,096,592
Acquisitions during the year	12,261,026	16,487,310
Disposals during the year	(6,677,083)	(6,091,818)
Net realised change in fair value	(263,378)	491,279
Net unrealised change in fair value of debt instruments	1,499,894	(1,054,086)
Net unrealised change in fair value of equity instruments	1,111,194	1,019,604
Allowance for expected credit losses	(415)	(2,242)
Amortisation charge for the year	2,610,673	(36,724)
	58,569	135,646
As at 31 December	<b>56,072,092</b>	<b>48,082,285</b>

Oman Reinsurance Company SAOG  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in ~~o.m.~~)

**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:

	<b>2025</b>	<b>2024</b>
As at 1 January	<b>96,027</b>	<b>(492,801)</b>
Net change in fair value during the year	<b>2,610,673</b>	<b>(36,724)</b>
Deferred tax charge (Note 23 (iii))	<b>(247,614)</b>	<b>132,031</b>
Net realised (gain) / loss transferred to retained earnings	<b>(263,378)</b>	<b>491,279</b>
Allowance for expected credit losses	<b>415</b>	<b>2,242</b>
As at 31 December	<b><u>2,196,123</u></b>	<b><u>96,027</u></b>

(d) The market value of investment includes allowance for expected credit losses on debt securities amounting to ~~o.m.~~ 11,640 (2024: ~~o.m.~~ 11,125). The movement of provision for expected credit losses is charged to profit and loss is as under:

	<b>2025</b>	<b>2024</b>
As at 1 January	<b>11,225</b>	<b>8,983</b>
Charge for the year	<b>415</b>	<b>2,242</b>
As at 31 December	<b><u>11,640</u></b>	<b><u>11,225</u></b>

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

	<b>2025</b>	<b>2024</b>
Financial Services Authority	<b><u>6,557,354</u></b>	<b><u>6,555,726</u></b>

Oman Reinsurance Company SAOG  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~SR~~)

11 RETROCESSION CONTRACTS

2025

	<i>Assets for incurred claims</i>			<i>Total</i>
	<i>Assets for remaining coverage</i>	<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Opening retrocession contract assets	(21,534,730)	39,668,880	2,211,824	20,345,974
Opening retrocession contract liabilities	(1,275,469)	302,447	9,591	(963,431)
<b>Net opening retrocession contract assets</b>	<b>(22,810,199)</b>	<b>39,971,327</b>	<b>2,221,415</b>	<b>19,382,543</b>
<b>Retrocession expense</b>	<b>(11,538,098)</b>	-	-	<b>(11,538,098)</b>
<b>Amounts recovered</b>				
Amounts recoverable for incurred claims and other expenses	-	2,135,801	211,081	2,346,882
Changes to amounts recoverable for incurred claims	-	753,945	(711,846)	42,099
<b>Retrocession service result</b>	<b>(11,538,098)</b>	<b>2,889,746</b>	<b>(500,765)</b>	<b>(9,149,117)</b>
Retrocession finance income recognised in profit or loss	-	1,671,790	124,455	1,796,245
<b>Total changes in the statement of profit or loss</b>	<b>(11,538,098)</b>	<b>4,561,536</b>	<b>(376,310)</b>	<b>(7,352,872)</b>
Retrocession finance income/expense recognised in OCI	-	-	-	-
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(11,538,098)</b>	<b>4,561,536</b>	<b>(376,310)</b>	<b>(7,352,872)</b>
<b>Cash flows</b>				
Premiums paid	9,751,283	-	-	9,751,283
Recoveries from retrocessionaires	-	(6,952,522)	-	(6,952,522)
Recovered acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	<b>9,751,283</b>	<b>(6,952,522)</b>	<b>-</b>	<b>2,798,761</b>
<b>Net closing retrocession contract (assets) / liabilities</b>	<b>(24,597,014)</b>	<b>37,580,341</b>	<b>1,845,105</b>	<b>14,828,432</b>
Closing retrocession contract assets	(11,504,616)	27,785,913	960,808	17,242,105
Closing retrocession contract liabilities	(13,092,397)	9,798,509	880,215	(2,413,673)
<b>Net closing retrocession contract (assets) / liabilities</b>	<b>(24,597,014)</b>	<b>37,580,341</b>	<b>1,845,105</b>	<b>14,828,432</b>

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in ~~SR~~)

**11 RETROCESSION CONTRACTS (continued)**

2024

	<i>Assets for remaining coverage</i>	<i>Assets for incurred claims</i>		<i>Total</i>
		<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
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

**Oman Reinsurance Company SAOG**  
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**12 ACCRUED INCOME**

	<b>2025</b>	<b>2024</b>
Interest accrued on investments	<b>1,469,596</b>	<b>1,375,178</b>

**13 OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
Loans, advances (gross) and prepayments	<b>766,924</b>	<b>360,652</b>
Allowance for expected credit losses	<b>(18,380)</b>	<b>(18,380)</b>
Loans, advances (net) and prepayments	<b>748,544</b>	<b>342,272</b>

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

	<b>2025</b>	<b>2024</b>
As at 1 January and 31 December	<b>18,380</b>	<b>18,380</b>

**14 INVESTMENT PROPERTY**

	<b>2025</b>	<b>2024</b>
As at 1 January and 31 December	<b>2,100,000</b>	<b>2,100,000</b>
	<b>2,100,000</b>	<b>2,100,000</b>

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 2025 at ~~Rs~~ 2,100,000 (2024: ~~Rs~~ 2,100,000).

**15 INTANGIBLE ASSETS**

The movement in intangible assets is as follows:-

	<b>2025</b>	<b>2024</b>
<b>Cost</b>		
As at 1 January	<b>430,426</b>	<b>430,426</b>
Acquisition during the year	<b>15,460</b>	<b>-</b>
As at 31 December	<b>445,886</b>	<b>430,426</b>
<b>Accumulated amortisation</b>		
As at 1 January	<b>408,314</b>	<b>349,670</b>
Charge for the year	<b>12,744</b>	<b>58,644</b>
As at 31 December	<b>421,058</b>	<b>408,314</b>
<b>Net book amount</b>		
As at 31 December	<b>24,828</b>	<b>22,112</b>

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

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**16 FIXTURES, FURNITURE AND EQUIPMENT**

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

**2025**

	<i>Motor vehicles</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Total</i>
<b>Cost</b>				
As at 1 January 2025	110,510	299,238	272,728	682,476
Additions during the year	35,238	-	23,787	59,025
Disposals during the year	(30,857)	(45)	(1,361)	(32,263)
As at 31 December 2025	114,891	299,193	295,154	709,238
<b>Accumulated depreciation</b>				
As at 1 January 2025	76,253	228,631	216,507	521,391
Charge for the year	14,634	19,954	24,383	58,971
Relating to disposals	(30,857)	(45)	(883)	(31,785)
As at 31 December 2025	60,030	248,540	240,007	548,577
<b>Carrying amount</b>				
As at 31 December 2025	54,861	50,653	55,147	160,661
<b>2024</b>				
	<i>Motor vehicles</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Total</i>
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
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
<b>Carrying amount</b>				
As at 31 December 2024	34,257	70,607	56,221	161,085

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**17 REINSURANCE CONTRACTS**

**2025**

	<i>Liabilities for incurred claims</i>			<i>Total</i>
	<i>Liabilities for remaining coverage</i>	<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Opening reinsurance contract assets	(2,060,943)	1,115,538	100,318	(845,087)
Opening reinsurance contract liabilities	(25,545,575)	81,850,100	6,096,601	62,401,126
<b>Net opening reinsurance contract (assets) / liabilities</b>	<b>(27,606,518)</b>	<b>82,965,638</b>	<b>6,196,919</b>	<b>61,556,039</b>
Reinsurance revenue	(54,276,238)	-	-	(54,276,238)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	26,862,547	2,445,281	29,307,828
Amortisation of insurance acquisition cash flows	13,279,429	-	-	13,279,429
Adjustments to liabilities for incurred claims	-	(338,174)	(2,137,560)	(2,475,734)
Reinsurance service expenses	13,279,429	26,524,373	307,721	40,111,523
Reinsurance service result	(40,996,809)	26,524,373	307,721	(14,164,715)
Reinsurance finance expense recognised in profit	-	3,659,859	310,803	3,970,662
<b>Total changes in the statement of profit or loss</b>	<b>(40,996,809)</b>	<b>30,184,232</b>	<b>618,524</b>	<b>(10,194,053)</b>
Reinsurance finance income/expense recognised in OCI	-	-	-	
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(40,996,809)</b>	<b>30,184,232</b>	<b>618,524</b>	<b>(10,194,053)</b>
<b>Cash flows</b>				
Premiums received	48,039,053	-	-	48,039,053
Claim	-	(22,451,770)	-	(22,451,770)
Reinsurance acquisition cash flows	(13,292,118)	-	-	(13,292,118)
<b>Total cash flows</b>	<b>34,746,935</b>	<b>(22,451,770)</b>	<b>-</b>	<b>12,295,165</b>
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(33,856,392)</b>	<b>90,698,100</b>	<b>6,815,443</b>	<b>63,657,151</b>
Closing reinsurance contract assets	(1,500,776)	819,355	66,955	(614,466)
Closing reinsurance contract liabilities	(32,355,616)	89,878,745	6,748,488	64,271,617
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(33,856,392)</b>	<b>90,698,100</b>	<b>6,815,443</b>	<b>63,657,151</b>

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**17 REINSURANCE CONTRACTS (continued)**

2024

	<i>Liabilities for remaining coverage</i>	<i>Liabilities for incurred claims</i>		<i>Total</i>
		<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
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
<b>Net opening reinsurance contract (assets) / liabilities</b>	<b>(22,183,700)</b>	<b>64,522,971</b>	<b>4,907,458</b>	<b>47,246,729</b>
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 income recognised in profit or loss	-	1,211,008	100,878	1,311,886
<b>Total changes in the statement of profit or loss</b>	<b>(37,825,292)</b>	<b>36,094,608</b>	<b>1,289,461</b>	<b>(441,223)</b>
Reinsurance finance income/expense recognised in OCI	-	-	-	-
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(37,825,292)</b>	<b>36,094,608</b>	<b>1,289,461</b>	<b>(441,223)</b>
<b>Cash flows</b>				
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)
<b>Total cash flows</b>	<b>32,402,474</b>	<b>(17,651,941)</b>	<b>-</b>	<b>14,750,533</b>
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(27,606,518)</b>	<b>82,965,638</b>	<b>6,196,919</b>	<b>61,556,039</b>
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
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(27,606,518)</b>	<b>82,965,638</b>	<b>6,196,919</b>	<b>61,556,039</b>

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**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:

2025	<i>Facultative</i>			<i>Total</i>
	<i>Liabilities for incurred claims</i>			
	<i>Liabilities for remaining coverage</i>	<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Opening reinsurance contract assets	(1,990,844)	1,060,993	94,658	(835,193)
Opening reinsurance contract liabilities	(11,282,858)	38,583,258	3,236,898	30,537,298
<b>Net opening reinsurance contract (assets) / liabilities</b>	<b>(13,273,702)</b>	<b>39,644,251</b>	<b>3,331,556</b>	<b>29,702,105</b>
Reinsurance revenue	(25,794,353)	-	-	(25,794,353)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	13,639,139	1,259,961	14,899,100
Amortisation of insurance acquisition cash flows	6,116,119	-	-	6,116,119
Adjustments to liabilities for incurred claims	-	(1,552,885)	(1,222,045)	(2,774,930)
<b>Reinsurance service expenses</b>	<b>6,116,119</b>	<b>12,086,254</b>	<b>37,916</b>	<b>18,240,289</b>
Reinsurance service result	(19,678,234)	12,086,254	37,916	(7,554,064)
Reinsurance finance expense recognised in profit or loss	-	1,934,611	175,904	2,110,515
<b>Total changes in the statement of profit or loss</b>	<b>(19,678,234)</b>	<b>14,020,865</b>	<b>213,820</b>	<b>(5,443,549)</b>
Reinsurance finance income/expense recognised in OCI	-	-	-	
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(19,678,234)</b>	<b>14,020,865</b>	<b>213,820</b>	<b>(5,443,549)</b>
<b>Cash flows</b>				
Premiums received	23,950,360	-	-	23,950,360
Claims and other insurance service expenses paid	-	(9,995,465)	-	(9,995,465)
Reinsurance acquisition cash flows	(6,213,895)	-	-	(6,213,895)
<b>Total cash flows</b>	<b>17,736,465</b>	<b>(9,995,465)</b>	<b>-</b>	<b>7,741,000</b>
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(15,215,471)</b>	<b>43,669,651</b>	<b>3,545,376</b>	<b>31,999,556</b>
Closing reinsurance contract assets	(1,197,641)	403,345	32,650	(761,646)
Closing reinsurance contract liabilities	(14,017,830)	43,266,306	3,512,726	32,761,202
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(15,215,471)</b>	<b>43,669,651</b>	<b>3,545,376</b>	<b>31,999,556</b>

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**17 REINSURANCE CONTRACTS (continued)**

**2025**

	<i>Treaty</i>			<i>Total</i>
	<i>Liabilities for incurred claims</i>			
	<i>Liabilities for remaining coverage</i>	<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Opening reinsurance contract assets	(70,099)	54,591	5,614	(9,894)
Opening reinsurance contract liabilities	(14,262,717)	43,266,796	2,859,749	31,863,828
<b>Net opening reinsurance contract (assets) / liabilities</b>	<b>(14,332,816)</b>	<b>43,321,387</b>	<b>2,865,363</b>	<b>31,853,934</b>
Reinsurance revenue	(28,481,885)	-	-	(28,481,885)
Reinsurance service expenses				
Incurred claims and other insurance service expenses	-	13,223,408	1,185,320	14,408,728
Amortisation of insurance acquisition cash flows	7,163,310	-	-	7,163,310
Adjustments to liabilities for incurred claims	-	1,214,711	(915,515)	299,196
<b>Reinsurance service expenses</b>	<b>7,163,310</b>	<b>14,438,119</b>	<b>269,805</b>	<b>21,871,234</b>
<b>Reinsurance service result</b>	<b>(21,318,575)</b>	<b>14,438,119</b>	<b>269,805</b>	<b>(6,610,651)</b>
Reinsurance finance income recognised in profit or loss	-	1,725,248	134,899	1,860,147
<b>Total changes in the statement of profit or loss</b>	<b>(21,318,575)</b>	<b>16,163,367</b>	<b>404,704</b>	<b>(4,750,504)</b>
Reinsurance finance income/expense recognised in OCI	-	-	-	-
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(21,318,575)</b>	<b>16,163,367</b>	<b>404,704</b>	<b>(4,750,504)</b>
<b>Cash flows</b>				
Premiums received	24,088,693	-	-	24,088,693
Claims and other insurance service expenses paid	-	(12,456,305)	-	(12,456,305)
Reinsurance acquisition cash flows	(7,078,223)	-	-	(7,078,223)
<b>Total cash flows</b>	<b>17,010,470</b>	<b>(12,456,305)</b>	<b>-</b>	<b>4,554,165</b>
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(18,640,921)</b>	<b>47,028,449</b>	<b>3,270,067</b>	<b>31,657,595</b>
Closing reinsurance contract assets	(303,135)	416,009	34,306	147,180
Closing reinsurance contract liabilities	(18,337,786)	46,612,440	3,235,761	31,510,415
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(18,640,921)</b>	<b>47,028,449</b>	<b>3,270,067</b>	<b>31,657,595</b>

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**17 REINSURANCE CONTRACTS (continued)**

2024

	<i>Facultative</i>			<i>Total</i>
	<i>Liabilities for incurred claims</i>			
<i>Liabilities for remaining coverage</i>	<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>		
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
<b>Net opening reinsurance contract (assets) / liabilities</b>	<b>(10,204,362)</b>	<b>29,300,674</b>	<b>2,513,677</b>	<b>21,609,989</b>
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
<b>Total changes in the statement of profit or loss</b>	<b>(19,334,971)</b>	<b>16,990,059</b>	<b>817,879</b>	<b>(1,527,033)</b>
Reinsurance finance income/expense recognised in OCI	-	-	-	
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(19,334,971)</b>	<b>16,990,059</b>	<b>817,879</b>	<b>(1,527,033)</b>
<b>Cash flows</b>				
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)
<b>Total cash flows</b>	<b>16,265,631</b>	<b>(6,646,482)</b>	<b>-</b>	<b>9,619,149</b>
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(13,273,702)</b>	<b>39,644,251</b>	<b>3,331,556</b>	<b>29,702,105</b>
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
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(13,273,702)</b>	<b>39,644,251</b>	<b>3,331,556</b>	<b>29,702,105</b>

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**17 REINSURANCE CONTRACTS (continued)**

2024

	<i>Treaty</i>			<i>Total</i>
	<i>Liabilities for incurred claims</i>			
	<i>Liabilities for remaining coverage</i>	<i>Estimation of the present value of the future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
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
<b>Net opening reinsurance contract (assets) / liabilities</b>	<b>(11,979,338)</b>	<b>35,222,297</b>	<b>2,393,781</b>	<b>25,636,740</b>
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 recognized in profit or loss	-	738,877	55,766	794,643
<b>Total changes in the statement of profit or loss</b>	<b>(18,490,321)</b>	<b>19,104,549</b>	<b>471,582</b>	<b>1,085,810</b>
Reinsurance finance income/expense recognized in OCI	-	-	-	-
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(18,490,321)</b>	<b>19,104,549</b>	<b>471,582</b>	<b>1,085,810</b>
<b>Cash flows</b>				
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)
<b>Total cash flows</b>	<b>16,136,843</b>	<b>(11,005,459)</b>	<b>-</b>	<b>5,131,384</b>
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(14,332,816)</b>	<b>43,321,387</b>	<b>2,865,363</b>	<b>31,853,934</b>
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
<b>Net Closing reinsurance contract (assets) / liabilities</b>	<b>(14,332,816)</b>	<b>43,321,387</b>	<b>2,865,363</b>	<b>31,853,934</b>

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**18 OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
Other payables	<u><b>1,077,810</b></u>	<u><b>956,397</b></u>

**19 REINSURANCE CONTRACT LIABILITIES - DUE TO RETAKAFUL POLICY HOLDERS**

Reinsurance contract liabilities due to retakaful policyholders represent surplus of revenues over expense arising from the retakaful activities of the Company's retakaful window (the surplus). The surplus is distributed among the retakaful participants (referred to as polciyholders) according to the internal policy for surplus distribution developed according to the requirements of FSA. The distribution surplus shall be approved by the Shariah Board prior to distribution.

**20 SHARE CAPITAL**

The authorised share capital of the Company is **﷮** 40 million. The issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce, Industry and Investment Promotion, is **﷮** 32,615,926 (2024: **﷮** 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:

	<b>2025</b>	<b>2024</b>
Trust International Insurance & Reinsurance Company B.S.C. (Bahrain)	<b>44.67%</b>	<b>39.80%</b>
Qatar General Insurance & Reinsurance Company S.A.Q.	<b>22.30%</b>	<b>22.30%</b>
Al Zawawi Trading Company LLC	<b>8.62%</b>	<b>8.62%</b>
Omar Zawawi Establishment LLC	<b>8.36%</b>	<b>8.36%</b>

**21 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 2025, the Company has transferred an amount of **﷮** 464,894 to the legal reserve (2024: **﷮** 301,120).

**22 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.

**Oman Reinsurance Company SAOG**  
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(Expressed in **﷮**)

**22 CONTINGENCY RESERVE (continued)**

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 2025 net of transfer to legal reserve, amounting to **﷮** 4,184,041 has been transferred to the contingency reserve (2024: **﷮** 2,710,079).

**23 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:

	<b>2025</b>	<b>2024</b>
<b>Shareholders with significant influence:</b>		
<b>Reinsurance</b>		
Reinsurance Revenue	<b>1,708,861</b>	<b>1,325,458</b>
Reinsurance service expense	<b>1,104,575</b>	<b>144,434</b>
<b>Retrocession</b>		
Retrocession expense	<b>186,955</b>	<b>53,705</b>
Amounts recovered from retrocessionaires	<b>300,827</b>	<b>576,194</b>
<b>(b) Key management compensation:</b>		
<b>Directors' remuneration</b>		
Directors' sitting fees	<b>49,400</b>	<b>49,600</b>
<b>Key management remuneration</b>		
Salaries and employment benefits	<b>537,750</b>	<b>503,875</b>
<b>(c) Other transactions</b>		
Software maintenance expenses	<b>88,435</b>	<b>38,450</b>
Directors' D&O policy	<b>10,988</b>	<b>7,282</b>
<b>(d) Related party balances</b>		
<b>Shareholders with significant influence:</b>		
Reinsurance contract liabilities	<b>4,330,730</b>	<b>2,860,500</b>
Retrocession contract assets	<b>(4,580)</b>	<b>140,096</b>

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in ~~Rs~~)

**24 TAXATION**

Tax assessments of the Company for the years upto 2021 have been finalised. Tax assessments for the years 2022 to 2024 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 2025.

The Company has reported a net taxable profit for the year. A provision for tax of ~~Rs~~ 746,552 (2024: ~~Rs~~ 575,511) has been recognised in the current year.

**(i) Tax expense**

	<b>2025</b>	<b>2024</b>
<b>Current tax</b>		
Charge for the current period	746,552	575,511
Charge for prior periods	-	202
	<u>746,552</u>	<u>575,713</u>
<b>Deferred Tax</b>		
Charge for the current period (profit or loss)	61,307	8,101
Credit for the current period (other comprehensive income)	247,614	(132,031)
	<u>308,921</u>	<u>(123,930)</u>
Net charge to the profit or loss	807,859	583,814
Net expense / (income) to other comprehensive income	247,614	(132,031)
	<u>1,055,473</u>	<u>451,783</u>

The Company is subject to income tax at the rate of 15% of taxable profit (2024 : 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:-

	<b>2025</b>	<b>2024</b>
Net profit before tax for the year	5,456,793	3,595,013
Tax at the applicable rate (15%)	818,519	539,252
Expenses not deductible for tax purposes	(10,896)	44,477
Prior years adjustments in provision	236	85
Total tax expenses as per profit or loss	<u>807,859</u>	<u>583,814</u>

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in **₹**)

**23 TAXATION (continued)**

**(ii) Current tax liability:**

	<b>2025</b>	<b>2024</b>
As at 1 January	312,144	312,911
Charge for the period	746,552	575,713
Paid during the period	(575,511)	(576,480)
As at 31 December	<u>483,185</u>	<u>312,144</u>

**(iii) Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 15% (2024: 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:

	<b>2025</b>	<b>2024</b>
As at 1 January	206,432	82,502
Expense recognised in profit or loss	(61,307)	(8,101)
Expense / (Income) recognised in other comprehensive income (Note 10 (c))	(247,614)	132,031
At 31 December	<u>(102,489)</u>	<u>206,432</u>

**24 INVESTMENT AND OTHER INCOME - NET**

	<b>2025</b>	<b>2024</b>
Interest on bonds and bank deposits	3,807,457	3,440,370
Dividend income	192,812	44,763
Realised gains on sale of investments at fair value through other comprehensive income	12,097	21,830
Unrealised fair value gains on investments at fair value through profit or loss (Note 9)	93,675	23,495
Gain on sale of fixtures, furniture and equipment	10,397	296
Custody expenses	(57,149)	(72,974)
Miscellaneous income	15,279	-
Allowance for expected credit loss on assets held on amortized cost and fair value through other comprehensive income	(829)	(1,789)
	<u>4,073,739</u>	<u>3,455,991</u>

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2025  
(Expressed in **﷮**)

**25 SALARIES AND OTHER RELATED STAFF COSTS**

	<b>2025</b>	<b>2024</b>
Salaries and allowances	2,087,760	1,986,020
Provision for leave salary	20,150	19,739
Employees' benefit liabilities	109,679	68,212
Social security costs	128,774	105,261
Other staff costs	619,036	377,914
	<b>2,965,399</b>	<b>2,557,146</b>

**26 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2025</b>	<b>2024</b>
Salaries and other related staff costs (Note 25)	2,965,399	2,557,146
Legal and professional fees	251,302	263,807
Depreciation and amortisation (Notes 15 and 16)	71,715	104,586
Business travel expenses	81,447	77,899
Computer expenses	159,250	139,823
Short-term lease rentals	105,644	78,914
Meeting related expenses	89,856	61,326
Advertising and business promotion expenses	55,929	141,134
Telephone, fax and postage	26,390	27,399
Office maintenance	21,594	21,551
Miscellaneous expenses	172,105	129,314
	<b>4,000,631</b>	<b>3,602,899</b>

	<b>2025</b>	<b>2024</b>
Expenses attributable to acquisition	1,190,770	1,053,670
Expenses attributable to maintenance	993,010	943,790
Non-attributable expenses	1,816,851	1,605,439
	<b>4,000,631</b>	<b>3,602,899</b>

## Oman Reinsurance Company SAOG

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in **﷮**)

#### 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.

	2025	2024
Weighted average number of shares (number)	<u>330,775,600</u>	<u>330,775,600</u>
Net profit for the year	<u>4,648,934</u>	<u>3,011,199</u>
Earnings per share - Basic and diluted	<u>0.0141</u>	<u>0.0091</u>

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 2025 attributable to ordinary shareholders of **﷮** 42,411,776 (31 December 2024: **﷮** 35,317,661) divided by the number of shares outstanding at the year-end of 330,775,600 (31 December 2024: 330,775,600 ordinary shares).

	2025	2024
Net assets as at 31 December ( <b>﷮</b> )	42,330,070	35,317,661
Number of shares outstanding	<u>330,775,600</u>	<u>330,775,600</u>
Net assets per share ( <b>﷮</b> )	<u>0.128</u>	<u>0.107</u>

#### 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.

## Oman Reinsurance Company SAOG

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in OMR)

#### 30 OPERATING SEGMENT (continued)

The Company has the following operating segments:

	2025		
	Facultative	Treaty	Total
<b>Gross classification based on inward business</b>			
Reinsurance revenue	25,794,353	28,481,885	54,276,238
Incurred claims and other insurance service expenses	14,899,100	14,408,728	29,307,828
Amortisation of insurance acquisition cash flows	6,116,119	7,163,310	13,279,429
Adjustments to liabilities for incurred claims	(2,774,930)	299,196	(2,475,734)
Reinsurance service expense	18,240,289	21,871,234	40,111,523
<b>Reinsurance service result before retrocession contracts held</b>	7,554,064	6,610,651	14,164,715
Retrocession expense			11,538,098
Incurred claims and other insurance service expenses			2,346,882
Amortisation of insurance acquisition cash flows			-
Adjustments to liabilities for incurred claims			42,099
Amounts recovered from retrocessionaires			2,388,981
<b>Net expense from retrocession</b>			9,149,117
<b>Reinsurance service results</b>			5,015,598
	2024		
	Facultative	Treaty	Total
<b>Gross classification based on inward business</b>			
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
<b>Reinsurance service result before retrocession contracts held</b>	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
<b>Net expense from retrocession</b>			(1,179,668)
<b>Reinsurance service results</b>			2,932,777

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

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in )

#### 31 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).

Oman Reinsurance Company SAOG

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Omani Rial)

31 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	2025	Total
Underwriting year	15,311,556	9,287,553	6,768,649	7,594,819	4,354,495	12,519,157	16,016,635	5,251,655	
One year later	44,274,241	20,016,407	14,508,617	13,360,808	17,204,425	30,532,185	28,143,667	-	
Two years later	59,374,702	20,664,131	14,585,120	16,965,437	20,154,376	32,595,797	-	-	
Three years later	61,729,429	19,400,922	14,679,791	17,394,713	20,559,011	-	-	-	
Four years later	63,267,076	18,677,192	13,725,901	17,004,570	-	-	-	-	
Five years later	60,100,256	18,520,663	14,405,318	-	-	-	-	-	
Six years later	59,325,413	18,721,484	-	-	-	-	-	-	
More than six years	59,494,475	-	-	-	-	-	-	-	
Current estimate of cumulative claims	59,494,475	18,721,484	14,405,318	17,004,570	20,559,011	32,595,797	28,143,667	5,251,655	196,175,977
Cumulative payments to date	(56,234,460)	(15,913,306)	(10,768,075)	(13,968,983)	(14,359,431)	(17,691,043)	(11,014,726)	(593,506)	(140,543,530)
IBNR	46,729	170,516	483,474	418,422	1,662,578	3,006,560	8,554,017	11,002,615	25,344,911
Total gross outstanding claims liabilities (Undiscounted)	4,369,875	7,118,292	8,802,564	15,089,267	13,884,063	17,911,314	25,682,958	15,660,764	80,977,358
Discount factor									(7,673,518)
Total gross outstanding claims liabilities (Discounted)									73,303,840

Oman Reinsurance Company SAOG

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025  
(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	2025	Total
Underwriting year	6,668,298	2,755,223	1,145,442	4,786,078	3,979,863	9,060,113	3,514,573	3,700,952	
One year later	22,865,596	5,945,560	6,713,477	10,630,720	7,408,869	23,922,041	17,387,651	-	
Two years later	31,739,326	6,844,859	10,109,129	12,933,747	10,115,953	25,845,046	-	-	
Three years later	34,714,713	7,720,282	7,055,948	13,118,246	10,487,072	-	-	-	
Four years later	35,055,967	6,129,091	6,921,756	12,753,956	-	-	-	-	
Five years later	30,069,748	5,998,138	7,090,783	-	-	-	-	-	
Six years later	29,566,395	5,995,061	-	-	-	-	-	-	
More than six years	29,637,143	-	-	-	-	-	-	-	

Current estimate of cumulative claims

Cumulative payments to date

IBNR

Total net outstanding claims

liabilities (Undiscounted)

Discount factor

Total net outstanding claims liabilities as per (Discounted)

(b) Sensitivity analysis

2025

Claims expense (5% increase)

Claims expense (5% decrease)

2024

Claims expense (5% increase)

Claims expense (5% decrease)

	29,637,143	5,995,061	7,090,783	12,753,956	10,487,072	25,845,046	17,387,651	3,700,952	112,897,664
	(28,153,650)	(4,839,110)	(5,183,521)	(9,909,177)	(4,953,917)	(15,702,690)	(9,846,748)	(593,506)	(79,182,319)
	15,185	85,851	402,618	401,459	1,520,149	2,975,774	8,332,974	10,858,214	24,592,224
	2,159,694	3,142,078	6,969,079	11,481,879	11,580,722	13,118,130	15,873,877	13,965,660	58,307,569
									(4,737,804)
									53,569,765

Profit and Loss

Gross

Net

Equity

Gross

Net

	(1,509,212)	(1,281,135)	(1,509,212)	(1,509,212)	(1,281,135)
	1,509,212	1,281,135	1,509,212	1,509,212	1,281,135
	(1,804,730)	(1,120,322)	(1,804,730)	(1,804,730)	(1,120,322)
	1,804,730	1,120,322	1,804,730	1,804,730	1,120,322

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~o.m.~~)

#### 31 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 ~~o.m.~~ 3,092,104 (2024: ~~o.m.~~ 2,513,886). 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 ~~o.m.~~ 110,000 (2024: ~~o.m.~~ 109,917).

##### (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.

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in **﷮**)

**31 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**

**(b) Financial risk (continued)**

**(iii) Foreign exchange risk (continued)**

**Currency risk**

**31 December 2025**

	<i>Omani Rial</i>	<i>US Dollar</i>	<i>Euro</i>	<i>Others</i>	<i>Total</i>
<b>Assets</b>					
Bank balances	566,066	1,916,914	1,829,757	209,613	4,522,350
Bank deposits	21,995,051	-	-	-	21,995,051
Investments in fair value through other comprehensive income	6,190,635	45,680,480	4,096,161	104,816	56,072,092
Investments in fair value through profit or loss	1,319,301	4,233,292	217,396	-	5,769,989
Other receivables	493,619	204,104	-	50,821	748,544
Accrued Income	633,033	766,988	69,575	-	1,469,596
Retrocession contract assets	14,828,432				14,828,432
<b>Total assets</b>	<b>46,026,137</b>	<b>52,801,778</b>	<b>6,212,889</b>	<b>365,250</b>	<b>105,406,054</b>
<b>Liabilities</b>					
Reinsurance contract liabilities	2,295,299	27,470,833	7,941,579	25,949,440	63,657,151
Other payables	1,031,645	13,645	-	32,520	1,077,810
<b>Total liabilities</b>	<b>3,326,944</b>	<b>27,484,478</b>	<b>7,941,579</b>	<b>25,981,960</b>	<b>64,734,961</b>
<b>Net assets/(liabilities)</b>	<b>42,699,193</b>	<b>25,317,300</b>	<b>(1,728,690)</b>	<b>(25,616,710)</b>	<b>40,671,093</b>

Oman Reinsurance Company SAOG  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in ~~SR~~)

31 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	Euro	Others	Total
<b>Assets</b>					
Bank balances	79,981	1,352,689	840,907	22,353	2,295,930
Bank deposits	21,978,961	-	-	-	21,978,961
Investments in fair value through other comprehensive income	1,746,068	43,072,097	3,264,120	-	48,082,285
Investments in fair value through profit or loss	1,591,288	216,935	387,221	-	2,195,444
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
<b>Total assets</b>	<b>45,677,637</b>	<b>45,340,085</b>	<b>4,581,713</b>	<b>53,177</b>	<b>95,652,612</b>
<b>Liabilities</b>					
Reinsurance contract liabilities	2,009,049	27,131,001	10,337,685	22,078,304	61,556,039
Other payables	904,139	13,526	-	38,732	956,397
<b>Total liabilities</b>	<b>2,913,188</b>	<b>27,144,527</b>	<b>10,337,685</b>	<b>22,117,036</b>	<b>62,512,436</b>
<b>Net assets/(liabilities)</b>	<b>42,764,449</b>	<b>18,195,558</b>	<b>(5,755,972)</b>	<b>(22,063,859)</b>	<b>33,140,176</b>

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 ~~SR~~ 1,367,270 (2024: ~~SR~~ 1,390,992).

(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.

## Oman Reinsurance Company SAOG

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in OMR)

#### 31 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:

	2025	2024
Bank deposits	21,995,051	21,978,961
Other receivables	748,544	342,272
Accrued income	1,469,596	1,375,177
Retrocession contract assets	14,828,432	19,382,543
Cash and cash equivalents	4,522,350	2,295,930
	<u>43,563,973</u>	<u>45,374,883</u>

##### (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.

**Oman Reinsurance Company SAOG**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in ~~OMR~~)

**31 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)**

**(b) Financial risk (continued)**

**(v) Liquidity risk (continued)**

<b>31 December 2025</b>	<b>Upto 1 year</b>	<b>1 - 2 year</b>	<b>2 - 3 years</b>	<b>&gt; 3 years</b>	<b>Total</b>
Reinsurance contract liabilities (claims)	29,512,550	18,378,520	10,591,643	22,494,645	80,977,358
Other payables	1,077,810	-	-	-	1,077,810
Current tax liability	483,185	-	-	-	483,185
	<b>31,073,545</b>	<b>18,378,520</b>	<b>10,591,643</b>	<b>22,494,645</b>	<b>82,538,353</b>
<b>31 December 2024</b>					
Reinsurance contract liabilities (claims)	25,952,514	16,797,876	9,865,464	21,065,161	73,681,015
Other payables	956,397	-	-	-	956,397
Current tax liability	312,144	-	-	-	312,144
	<b>27,221,055</b>	<b>16,797,876</b>	<b>9,865,464</b>	<b>21,065,161</b>	<b>74,949,556</b>

**(c) Capital risk management**

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

**(d) Fair value estimation**

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

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

The Company holds investments at fair value through other comprehensive income of ~~OMR~~ 56,072,092 (2024: ~~OMR~~ 48,082,285) and investments at fair value through profit or loss of ~~OMR~~ 5,543,593 (2024: ~~OMR~~ 1,525,651) which are categorised as level 1 and structured notes in investments at fair value through profit or loss of ~~OMR~~ 226,054 (2024: ~~OMR~~ 669,973) 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.

## Oman Reinsurance Company SAOG

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in OMR)

#### 32 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on February 25, 2026, has proposed a cash dividend of 3 baysa per share for the year ended 31 December 2025 (2024: Nil) for the approval of FSA and the members at the Annual General Meeting to be held on 25 March 2026.

The Board of Directors also proposed for directors remuneration of 10% of the dividend for the year ended 31 December 2025.

#### 33 MACROECONOMIC UNCERTAINTIES

##### 33.1 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.