

ominvest

Annual Report 2022

Transforming Businesses
to Enrich Societies

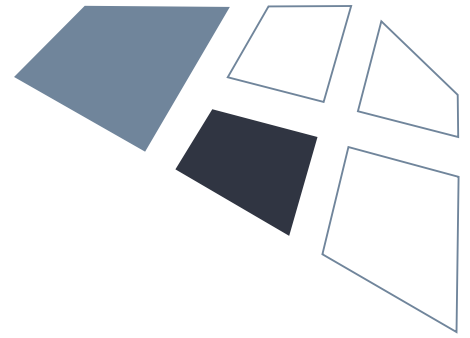
40
YEARS



**40
YEARS**

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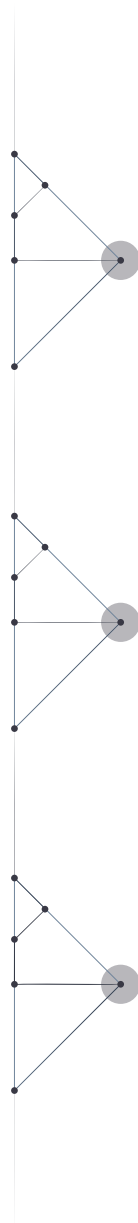
PURPOSE STATEMENT

Transforming Businesses to Enrich Societies

Our purpose aligns with our strong belief that business can be a significant catalyst for creating scalable economic, social and environmental value. It provides clear direction for our daily actions; unites our people together; and guides us towards fulfilling our vision.

We transform businesses in ways that contribute to their growth and excellence. In addition to providing our affiliate companies with growth capital, we work closely with them to build their operational and technical expertise. We support them in expanding their portfolios of products and services; we assist them in accessing new markets; and we push our management teams beyond their comfort zones and encourage them to think outside the box and innovate.

We strongly believe in the important role of business in enriching societies; our investment philosophy underpins that belief. Through our portfolio companies we provide societies with valuable services and solutions. We help create jobs, nourish talents, build expertise, foster innovation, encourage knowledge exchange, embrace ESG best practices, and support local communities.



Vision

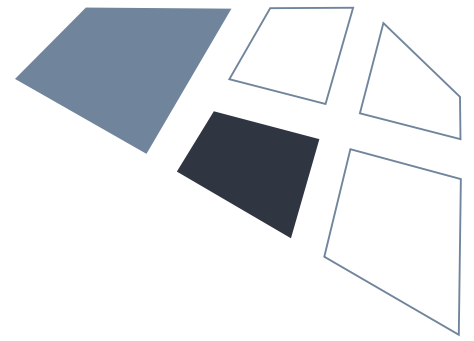
To be an eminent investment group in the MENA region with significant global reach and impact.

MISSION

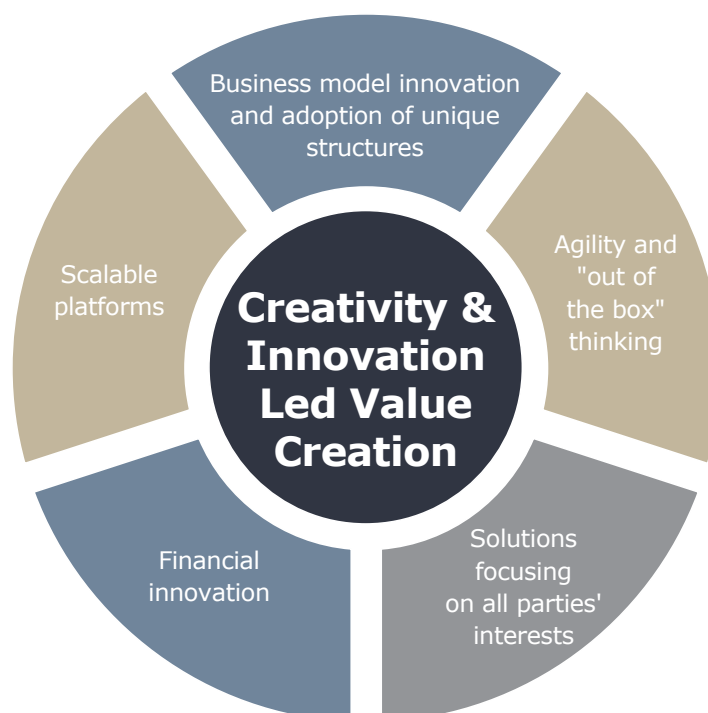
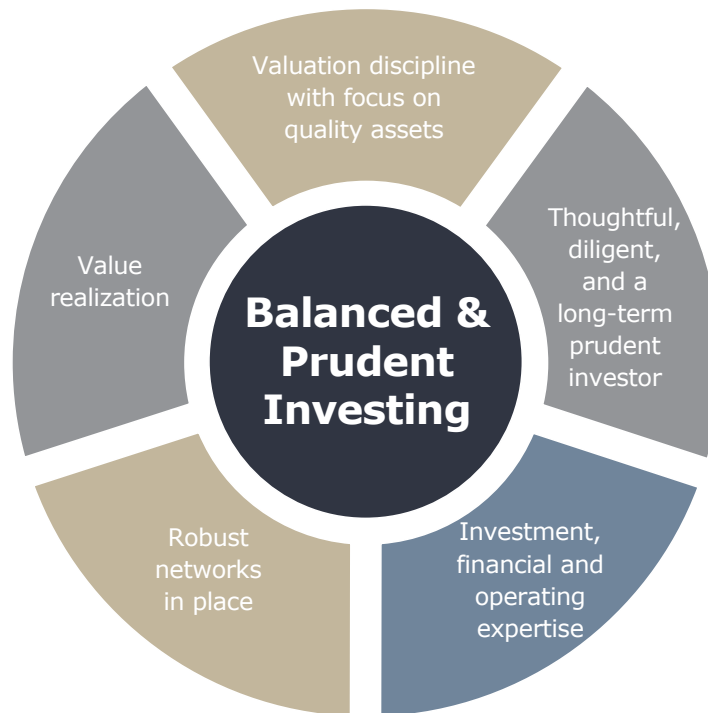
To create value for our stakeholders by prudently investing in growth sectors and markets while implementing innovative solutions, scalable platforms, and impactful ESG initiatives.

VALUES

- Integrity
- Collaboration
- Excellence
- Innovation
- Good Citizenship



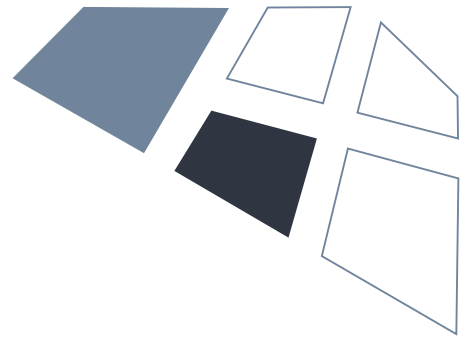
CORE COMPETENCIES



TRACK RECORD



40
YEARS



ominvest

AT A GLANCE

- ominvest is one of the highly successful and largest listed investment companies in the region.
- Founded in 1983, it has been consistently profitable and has an enviable track record of uninterrupted dividend payments to shareholders.
- The company owns high-quality durable assets in diversified sectors, producing healthy cash flows.
- The company's total assets stood at USD 3.4 billion covering diverse sectors and geographies.
- Major portfolio companies are the market leaders.
- The company is led by a progressive board and a capable management team – dedicated to enhancing value for all stakeholders.



High quality
diverse
portfolio assets
**USD
3.4 billion**



Consistently
profitable with
CAGR since 2001
19%



Uninterrupted
cash dividend
25%
Dividend Yield
2022



Listed investments
constitute
77%



2022 return on
equity
21.7%
Parent Company
excluding
perpetual interest



Portfolio turnover
since 2020

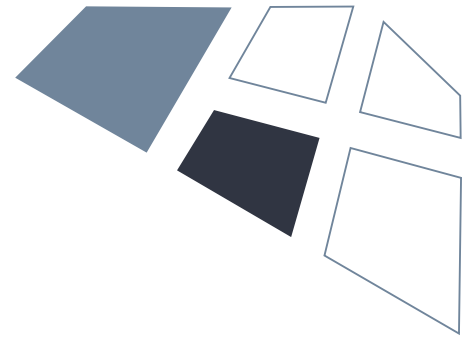
Profitable exits USD	New investments USD
500 Million	400 Million



Healthy cashflow
and moderately
leveraged at
0.88

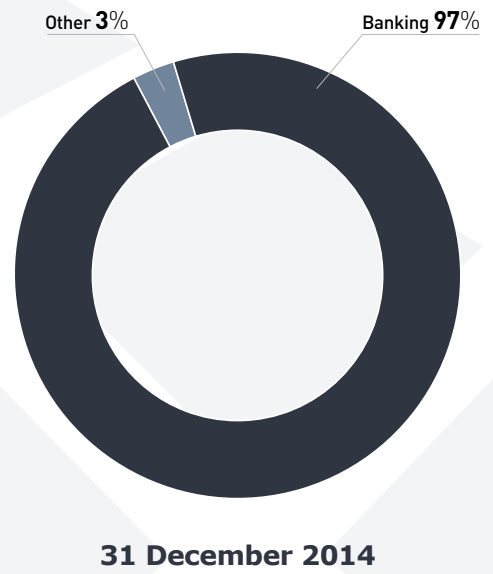
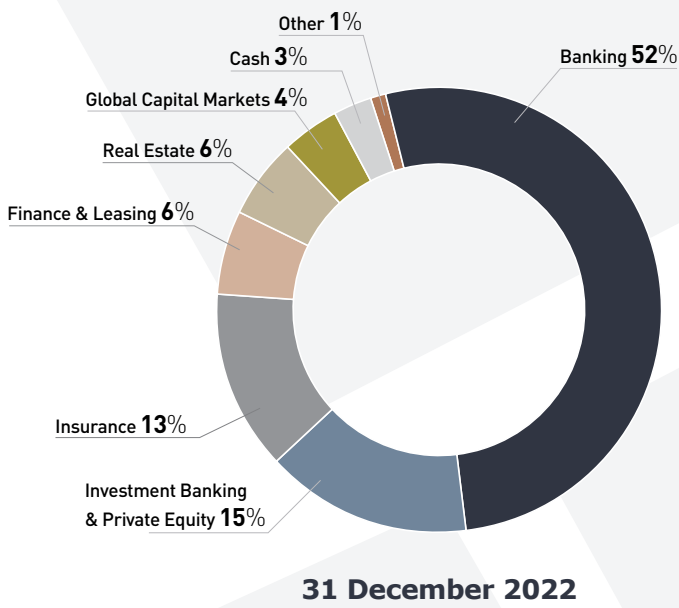


Leading investment
company with market
capitalization of
USD 730 Million

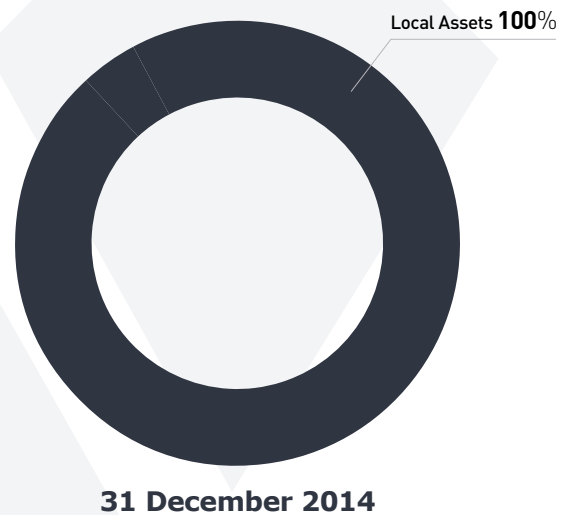
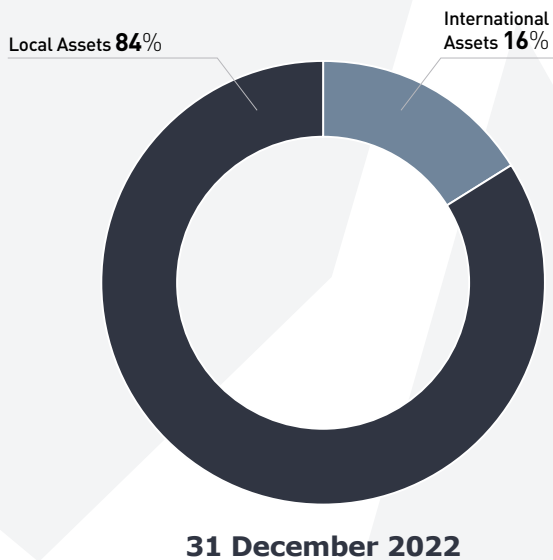


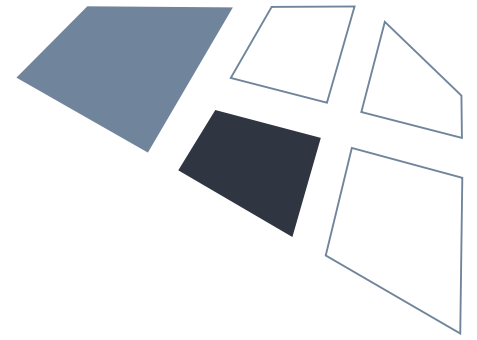
DIVERSIFICATION JOURNEY

By Sector (Parent Level)



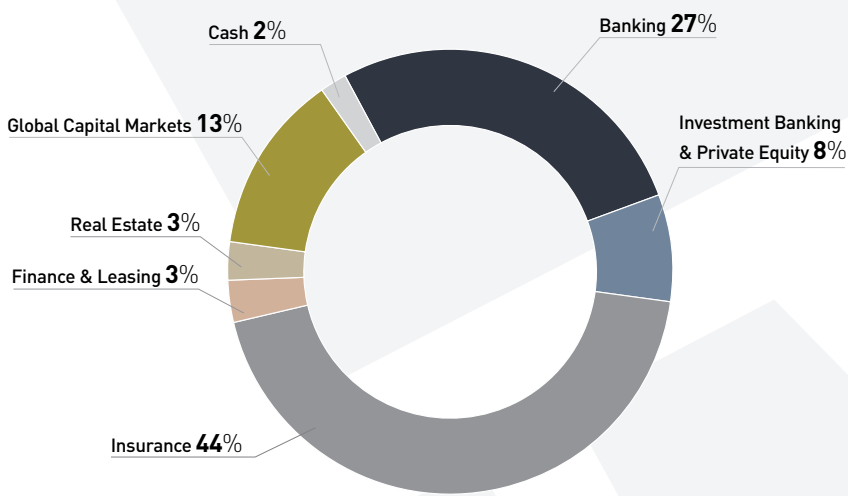
By Geography (Parent Level)



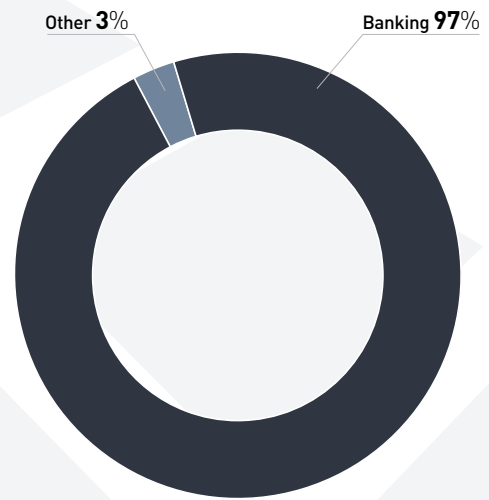


DIVERSIFICATION JOURNEY

By Sector (Group Level)

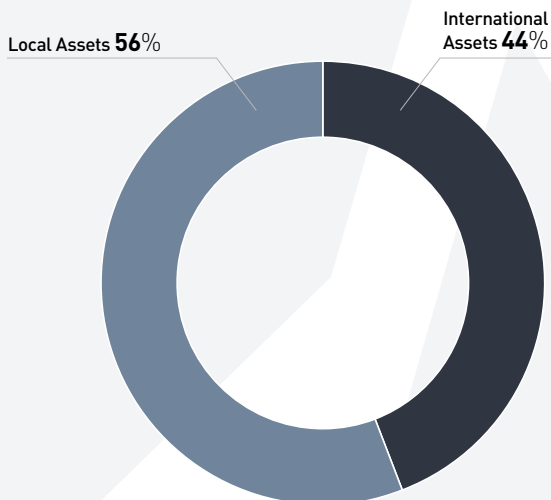


31 December 2022



31 December 2014

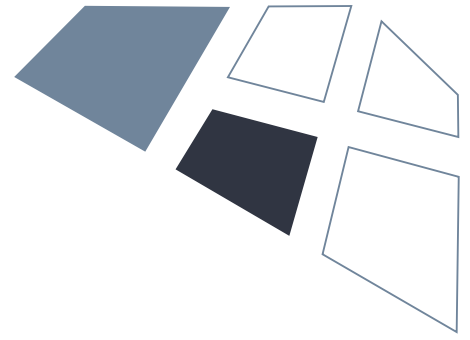
By Geography (Group Level)



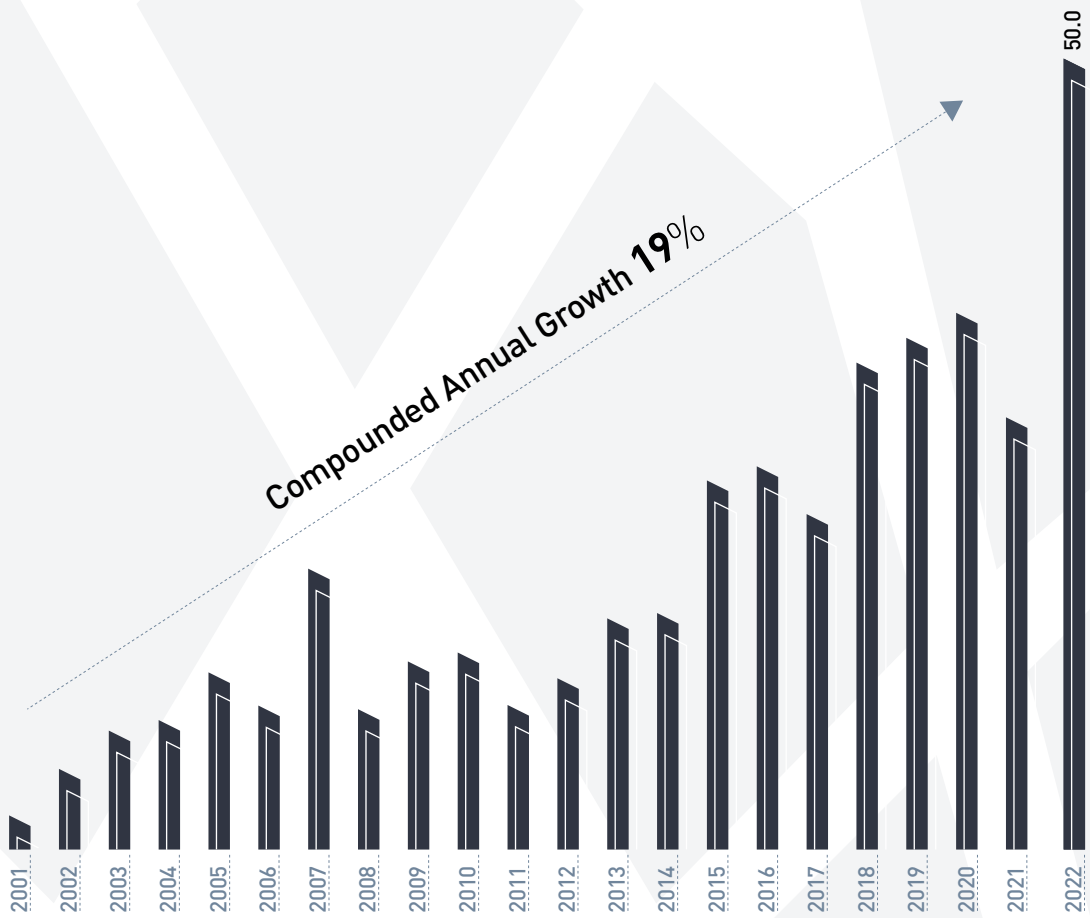
31 December 2022

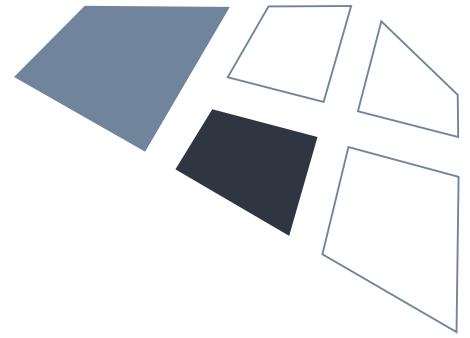


31 December 2014

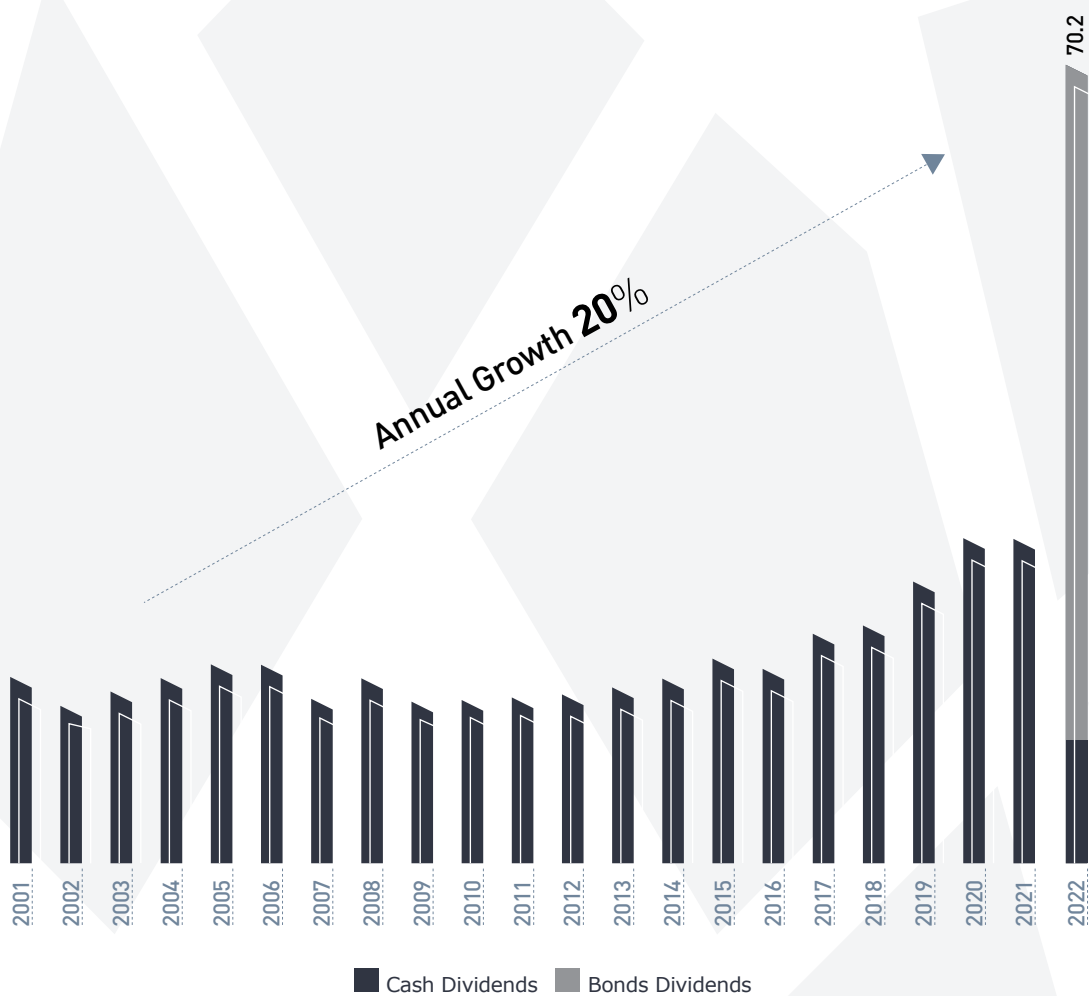


NET INCOME (RO m)





TOTAL CASH AND PERPETUAL BONDS DIVIDENDS (RO m)



15%

Cash Dividend: 15bz per share amounting to RO 10,025,481.

90%

Perpetual Bonds: one perpetual bond of RO 1 to be issued for 11.11 ordinary shares of 100bz held. Total perpetual bonds to be issued by the company will amount to RO 60,158,904. these bonds will be listed on the muscat stock exchange and will carry an annual coupon of 5.25%

A 40-YEAR LEGACY OF SUCCESS





40
YEARS

ominvest

A 40-Year Legacy of Success



ominvest celebrated its 40th Anniversary on Thursday, 23 February 2023. The celebration was held at Shangri-La Barr Al Jissah under the patronage of HE Mohammad Al Zubair, one of the founders and first chairman of ominvest. The event was attended by Government and International Dignitaries, prominent business leaders, and VIPs from Oman and overseas.

The event not only commemorates 40 years of ominvest but also recognises the collective efforts of the Board and the entire ominvest team that have contributed to the Group's success. This would not have been possible without ominvest's elementary guiding principles and unique investment philosophy, which the organisation has tenaciously followed since day one.

To understand the true scope of its growth and the inspiring scale with which ominvest has multiplied success over the last four decades, we must look back at the Group's fulfilling and humbling journey.

The First Chapter of a 40-Year Legacy

ominvest's story began in 1983 when Mohammad Al Zubair and his visionary friends laid the foundation for ominvest. Their vision and values have been the guiding principles for the Group ever since and continue to drive its success to this day.

Over the past four decades, the company has been led by progressive boards and capable management teams dedicated to enhancing value for all stakeholders and positively impacting local communities.

The past forty years have been not only full of

challenges and risks but also tremendous opportunities for growth. By closely monitoring upcoming trends, advanced planning, adapting quickly to change, and implementing sound business strategies, ominvest made significant progress. As a matter of fact, in the four decades since its inception, ominvest has maintained an outstanding record of uninterrupted dividend payments to its shareholders.

Its investment philosophy involved investing in high-quality, sustainable businesses with a robust governance framework that can withstand economic downturns. It maintains a high level of valuation discipline and has successfully diversified its investments across companies, sectors, and geographies, focusing on the financial services sector. It also has a clear and focused business model – build and manage a balanced investment portfolio with the right mix of strategic investments, private equity, and global capital markets. The Group exclusively invests in companies with exceptional management teams that demonstrate high levels of competence and integrity. ominvest provides strategic direction to its portfolio companies, along with full autonomy and flexibility to their management teams and supports them in achieving their full potential.

ominvest has always supported its strategic investments to enable its growth and success. Its strong financial position and discipline have allowed it to take advantage of opportunities during market downturns and exit at the right time with attractive valuations.

Four Decades of Creating Value

The company's core competencies are its ability to invest prudently in a well-balanced portfolio and innovation-led value creation. Its positive and inclusive culture fosters high levels of performance, integrity, and fairness and encourages challenging the status quo. It approaches unique and unprecedented transactions with a positive mindset and strives to find ways to execute them reasonably and efficiently. It proactively engages with regulators and seeks their guidance, always striving for transparency in its plans.

In fact, the company's diverse, multitalented, and hands-on team of fewer than 50 members have successfully managed consolidated assets of USD 3.4 billion, generating superior returns.

An excellent example of how ominvest creates value for its affiliated companies is the landmark merger with ONIC Holding. One of the additions to the Group



resulting from this merger was National Life & General Insurance Company (NLG), which had great potential and strong management team but limited scale.

In 2016, ominvest strengthened NLG's financial position by injecting capital and providing strategic direction. NLG quickly achieved a market-leading status in Oman and became a significant player in the UAE. Alongside its growth journey, ominvest also successfully floated the IPO of NLG in 2017.

With ominvest's support and strategic direction, during 2022 NLG completed a strategic transaction, which resulted in RSA Middle East becoming a wholly-owned subsidiary of NLG. This transaction aided in transforming the combined entity into a larger, stronger, and more competitive regional multilined insurance player emerging from the Sultanate.

Four Decades of Opportunistic Investments and Growth

Through its offices in Singapore and DIFC, its Private Equity and Investment Banking team is also building assets under management, focusing on generating fee

income and creating a valuable platform. Currently, ominvest has assets under management of public and private investments of around USD 2.1 billion, which is a testament to the trust placed in its platform by third-party investors.

Moreover, ominvest has an ambitious growth plan and made a sizeable allocation to global capital markets, intending to build high-quality, multi-asset, multi-strategy portfolios as part of its ongoing diversification and liquidity management strategy.

2022 was another successful year for ominvest, with the organisation reporting its highest profit ever, with a return on shareholders' equity of 22%. With assets in excess of USD 3.4 billion and a strong financial position, ominvest is ready for its next growth phase.

The Way of the Future – Sustainability, Scalability & Diversification

The creation of jobs, nurturing of talent, the building of expertise, fostering of innovation, and regular knowledge transfer are just a few of the tools and methods ominvest uses, not only to support local communities but also to embrace best practices in Environmental, Social, and Corporate Governance (ESG). ominvest believes integrating ESG best practices will drive long-term value across all operational and investment levels. To date, the organisation's efforts have included a comprehensive ESG capacity-building programme across its group companies and the development of a defined strategy for sustainable operations and responsible investing.

Khalid Muhammad Al Zubair
Chairman of ominvest

"ominvest has come a long way in 40 years by investing in high-quality, sustainable businesses that generate healthy cash flows. We transform businesses in a way that contributes to their growth and impact on communities, bringing innovative transactions to the market. Our ambition has no limits as we look to outgrow our current areas of interest to become a bigger regional player with global reach, with leading ambitions on Environment, Social, and Governance standards. With a clear vision and determination to succeed, we are building platforms, diversifying our revenue sources, and preparing for the ominvest of tomorrow".

Abdulaziz Al Balushi,
Group CEO of ominvest

"Over the last four decades, our purpose-driven organisation has embedded social impact and good corporate citizenship at the heart of our vision, mission, culture, and values. By transforming businesses to enrich societies, we have made a real impact on the lives of everyone we have had the privilege of working with. This record of stability and success is a testament to the vision of our Board, past and present, and our ability to read and adapt to local, regional, and global trends. We owe our success equally to our close relationships, support, and mutual trust with regulators, partners, shareholders, and employees in all countries where we do business." –

40 YEARS

Milestones 40 Years of Achievements

1983

ominvest
was founded

1984

Oman Arab Bank
was founded

1987

National Finance
Company was founded

Acquired 20% stake in
Capital Leasing
Company

1988

National Detergent
Company was founded

National Biscuit Company
was founded

1989

Oman
Investment
Services was
founded

1994

Approved and recognized
as a foreign Institutional
Investor by the securities
exchange board of India

1985

Al Ahlia
Insurance
was founded

1988

Listed on Muscat
Securities Market

1988

National Aluminum
Product Company
was founded

1988

Modern Salt
Company was
founded

Modern Poultry
Farms Company
was founded

1990

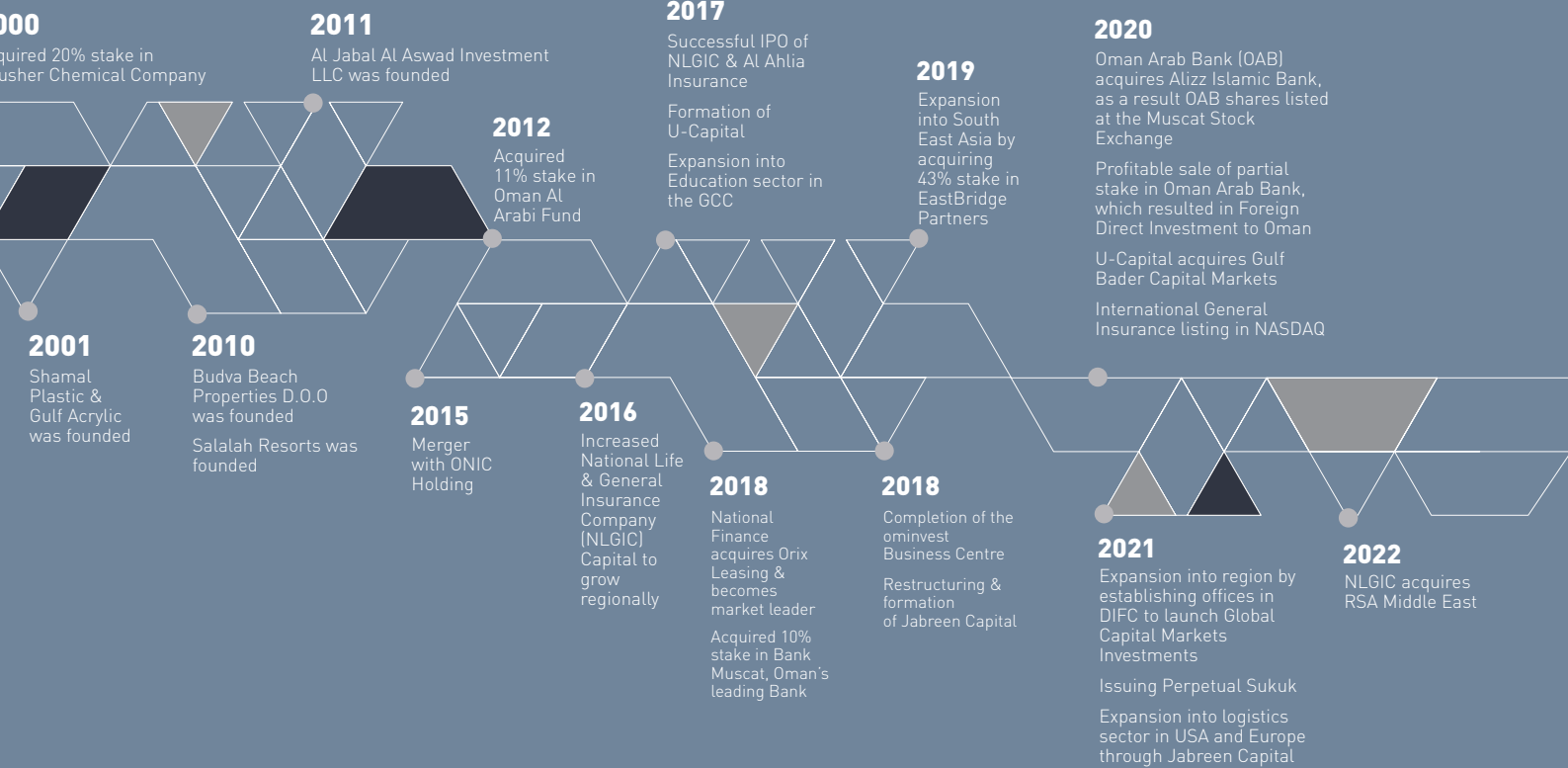
Founding
shareholder of
Oman Chromite
Company

1992

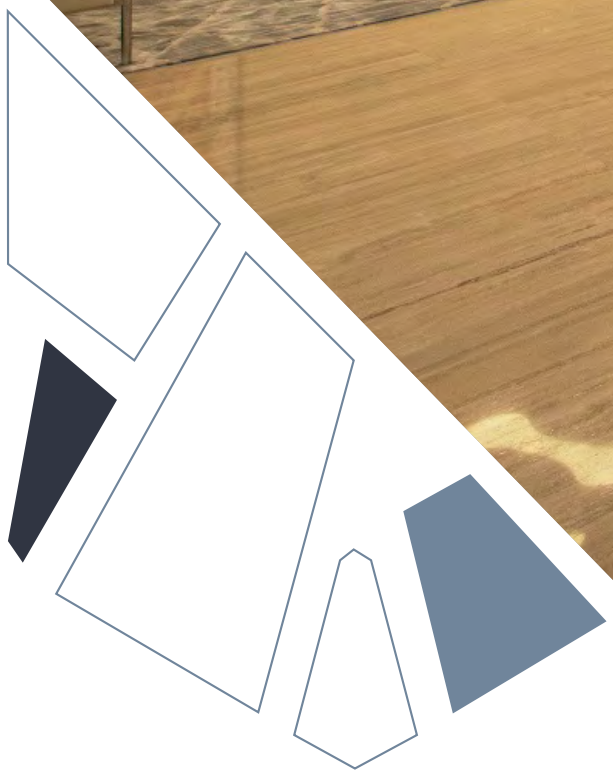
Acquired 20% stake
in Gibcorp Oman
LLC - a major
shareholder in
Commercial Bank
of Oman

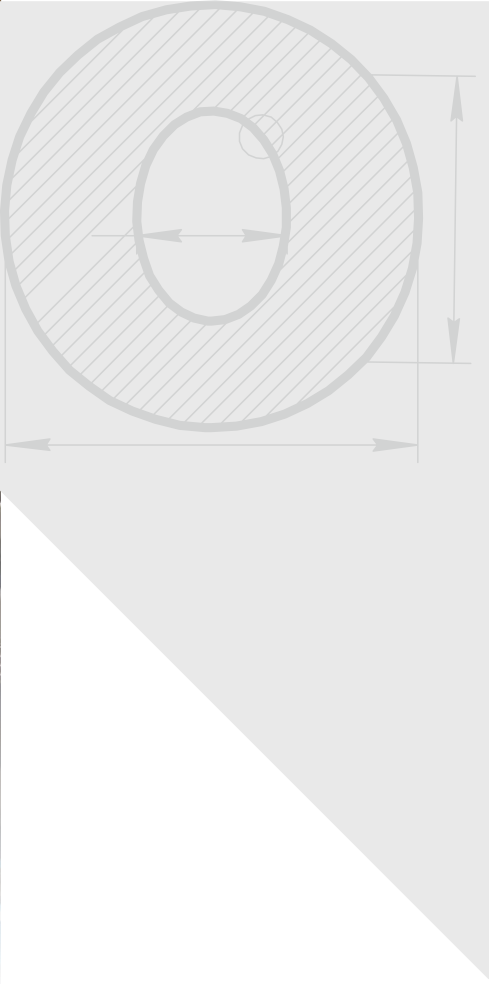
1999

Modern Steel Mills
was founded



NEW BRAND IDENTITY





ominvest

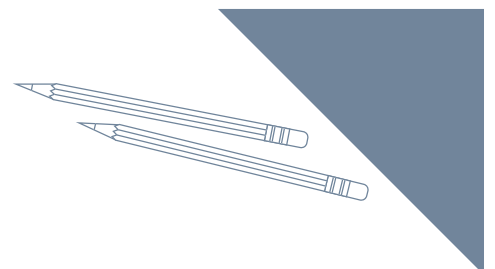
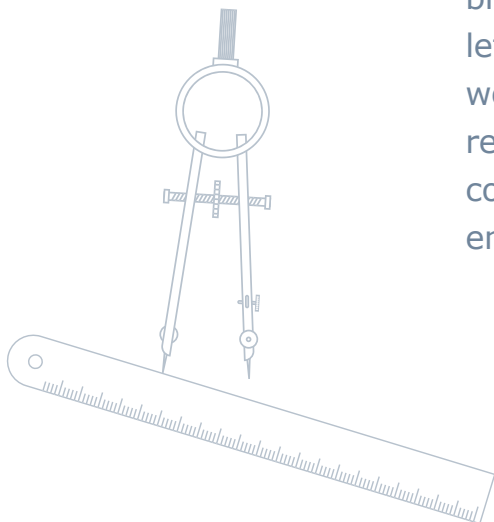
INTRODUCING THE NEW IDENTITY

As part of its 40th Anniversary celebrations, ominvest proudly unveiled its new identity, reflecting its ambition, strength, and the trust of its stakeholders. The new identity retains the name to build on its four decades-long legacy.



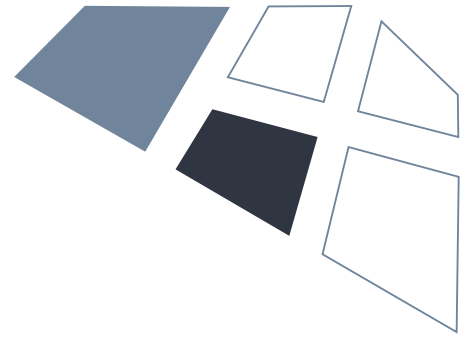
The logo features a simple arrow pointing upwards, symbolising the organisation's constant drive for growth and forward-thinking.

The elegant, modern and bold design incorporates hues of blue, where dark blue signifies leadership, and light blue symbolises trust and loyalty. The name's lowercase lettering exudes confidence gained over decades of hard work and achievements. ominvest's success and relentless vision will continue to drive it towards its corporate living purpose of "transforming businesses to enrich societies."



BOARD OF DIRECTORS' REPORT





BOARD OF DIRECTORS' REPORT



Khalid Muhammad Al Zubair
Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Audited Financial Results of ominvest Group for the year ended 31 December 2022. We have recently celebrated our 40 years of achievements, where we also launched our new visual identity. The celebration was held under the patronage of His Excellency Mohammad Al Zubair, one of the founders and the first Chairman of ominvest. The event was attended by government officials, international dignitaries, prominent business leaders and VIPs from the Sultanate of Oman and overseas. I'm pleased to announce that 2022 marks the year the company achieved its highest ever results since inception, both at the Group and Parent level. Below I would like to present our macroeconomic overview and the financial

performance of ominvest Group and our major portfolio companies for the year ended 31 December 2022:

Macroeconomic Update

Global economic growth is expected to slow down from 3.2% in 2022 to 2.7% in 2023. Oil prices averaged around USD 98 per barrel in 2022 and is projected to average at around USD 85 in 2023. Global inflation is expected to drop from 8.8% in 2022 to 6.5% in 2023. Global stock market indices started to have positive returns as the capital markets outlook for 2023 suggests that inflation may have peaked, while employment remains strong. The GCC region closed the year 2022 on a high note with a GDP growth close to 7%. It is expected to grow to 5.4% and 3.7% in 2023 and 2024 respectively.

Oman's economic recovery has been gaining traction and real GDP grew by 5% in 2022 and as per IMF, GDP is expected to grow by 5.5% in 2023 mainly driven by an increase in hydrocarbon activities. On the back of the government's prudent fiscal policies and economic recovery, Oman's credit ratings was upgraded multiple times during the year. The latest announcement by Standard & Poor's (S&P) in November 2022 upgraded the Sultanate's rating from 'BB-' to 'BB' with a 'stable' outlook.

Given the current macroeconomic backdrop, we will continue to invest confidently in the GCC region and cautiously in the global markets.

Group Consolidated Performance

During the year ended 31 December 2022, Group revenues increased by 69.9% to RO 336.8m as compared to RO 198.6m for the previous year and the net profit attributable to ominvest's shareholders increased by 85.2% to RO 50m as compared to RO 27m for the previous year. The Group assets increased by 61.8% to RO 1.29bn from RO 0.8bn. The increased revenues and assets are mainly attributable to the acquisition of Royal & Sun Alliance Insurance (Middle East) BSCC ("RSA ME") by our flagship insurance subsidiary National Life & General Insurance Company SAOG.

Parent Company Performance

During the year ended 31 December 2022, Parent Company revenues increased by 52.5% to RO 77.3m as compared to RO 50.7m from the previous year and the net profit increased by 61.6% to RO 49.9m as compared to RO 30.9m from the previous year. The liquidity position of the Parent Company continues to remain robust with a healthy leverage ratio of less than one.

Performance of Key Subsidiaries & Associates:

Jabreen International Development Company SAOC (Jabreen), our subsidiary, is focused on private equity investments in diverse sectors and expanding into new growth markets in Asia. During the year, Jabreen has reassessed accounting classification of its 9.99% shareholding in Bank Muscat SAOG and has reclassified it from 'Investment in Associate' to 'Investment at Fair Value Through Other Comprehensive Income' in accordance with the advice of the statutory auditors due to changes in applicable regulations relating to appointment of Board Members in Joint Stock Companies. The net reclassification gain at the consolidated level has been calculated in accordance with the requirement of International Financial Reporting Standards and amounted to RO 41.6m. The net reclassification gain at the consolidated level is almost equal to the special interim dividend of RO 37.5m received by Jabreen from Bank Muscat along with realised profit on disposal of a minor portion of our stake in Bank Muscat amounting to approximately RO 5 million.

National Life & General Insurance Company SAOG (National Life):

During the year, National Life acquired 100% shareholding of RSA ME, a former subsidiary of the British group Royal & Sun Alliance Insurance (RSA). We created an innovative structure where we provided a cash exit to half of RSA Middle East's shareholders. The remaining shares, owned by reputable Saudi shareholders, were exchanged for newly issued NLG shares, making the Saudi shareholders collectively the second-largest shareholders in NLG after ominvest. As a consequence of the issuance of shares by National Life, our shareholding in National Life has been reduced from 78.26% to 52.06%. Post-acquisition of RSA ME, National Life also acquired the remaining 47.5% shareholding in Al Ahlia Insurance Company SAOG, making it a fully owned subsidiary. These transactions mark the start of a new era for the National Life, bringing together best-in-class international solutions and expertise for both commercial and retail clients with an already established medical and life insurance regional player. Our Group financial statements include six months revenues and operational results of RSA ME and our asset base has increased by RO 275m due to this acquisition. Following the acquisition, specialized rating agency, AM Best upgraded National Life's financial strength rating from 'B++' (Good) to 'A-' (Excellent) and long-term issuer credit rating to 'A-', reaffirming the success of synergies of integration and

the formation of a new strong regional insurer. This rating reflects the strong capital base and financial stability of National Life.

Gross Written Premium (GWP) increased by 57.8% to RO 231.1m during the year as compared to RO 146.5m for the previous year. Net Underwriting results increased by 70% to RO 27.8m during the year as compared to RO 16.3m for the previous year. Increase in revenues is primarily due to acquisition of RSA ME as well as organic growth achieved by the company. National Life reported a consolidated profit attributable to equity holders of RO 3.7m during the year ended 31 December 2022 as compared to RO 7.5m for the previous year. This decrease in profit is largely attributable to significant one-off effects from lagged claims accrued over the Covid-19 pandemic in the medical portfolios across Sultanate of Oman and Kuwait, which saw an uplift in resumed services and elective treatments. Performance also got impacted due to immense pressure on margins in motor business and one time integration and merger costs. Whilst impactful in 2022, the outlook for 2023 is a return to normal claim levels in line with adjusted consumer behaviour post-pandemic and the regular accessibility of medical care. Corrective measures have been taken to improve profitability going forward.

National Life is now firmly a top 10 insurers in the GCC by GWP, geographical distribution and scale; and we are confident that this position will only further strengthen post completion of the integration in 2023 as it delivers our strategic vision of becoming the pioneering composite insurer across the region, focused on delivering value to our customers and profitable earnings to our shareholders.

Oman Arab Bank SAOG (OAB), our associate in the banking sector, reported a consolidated profit of RO 16.2m for the year ended 31 December 2022 compared to RO 7.1m from the previous year, an increase of 129% driven by a healthy growth in its core operations in both conventional and Islamic banking. The bank's operating profit of RO 47.8m increased by 11% compared to RO 43.2m in 2021. Excluding the one-off income of OMR 5.9 million, the operating profit would have shown increases of 28%. Net loans and advances, including Islamic finance, increased strongly by 11% to RO 3.067m at 31 December 2022 compared to RO 2.753m at 31 December 2021. Customer deposits reached RO 2.992m at 31 December 2022 compared to RO 2.810m at 31 December 2021, an increase of 6%. During the year, OAB exercised the call option and redeemed perpetual subordinated bonds amounting to RO 30m.

National Finance Company SAOG (NFC), our associate in the leasing sector, reported a profit of RO 10.1m for the year ended 31 December 2022 compared to RO 8.6m for the previous year; an increase of 17.5%. NFC's income from financing activity increased by 6.1% to RO 43.5m compared to RO 40.9m in the previous year. NFC will continue to focus on

quality of service delivery. NFC continues to remain a market leader amongst finance and leasing companies in the Sultanate of Oman in terms of asset size, branch network, revenues, and profit. NFC saw organic growth and good momentum across all business segments, and we expect NFC to grow further and consolidate its position in the medium term.

Corporate Citizenship

We are proud to announce that in 2022 we have developed a comprehensive Environment, Social, Governance (ESG) Framework as part of our Sustainability Strategy, which we are integrating into our core business operations and investment activities henceforth. The strategy aligns with stakeholder expectations, industry best practices, and renowned international frameworks.

To ensure accountability, a centralized function was formed to support and track the implementation of our Framework. ESG champions were also appointed across ominvest Group to manage ESG efforts in their respective entities. All champions have undergone a comprehensive training course that built internal capacities and raised awareness of the importance of ESG integration.

Our corporate social responsibility (CSR) activities focused on empowering SMEs and young entrepreneurs. Through our partnership with Zubair Enterprises Development Centre (Zubair EDC) we supported two forward-thinking start-ups that provide solutions to pressing environmental issues. This year has also marked ominvest's fifth year of sponsoring Injaz Oman's Student Company Programme, from the "Schools' Category", which helps entrepreneurial students in developing their business ideas and innovations.

Through our fully owned real estate subsidiary "ORIS", we have volunteered to provide project management services to Al Rahma Association and supported in the construction of the Al Rahma Centre. The Centre will act as a social enterprise hosting 20 shops and is expected to generate income for the Association. ominvest has also committed 20% of its CSR budget to the Oman Charitable Organisation.

Acknowledgements

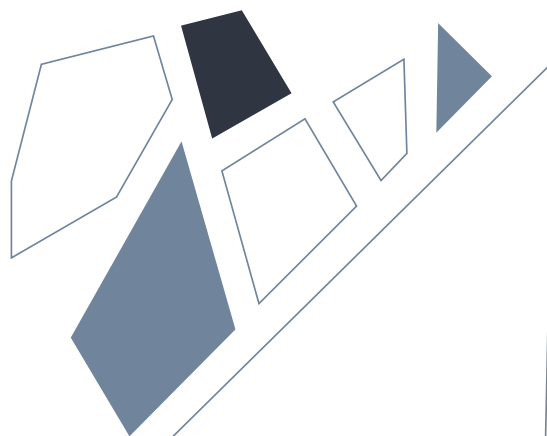
We are profoundly grateful to our beloved leader His Majesty Sultan Haitham bin Tarik for his great vision and initiatives as he continues to lead the country on the path of development, peace, and enduring prosperity.

On behalf of the Board, I would like to thank the Capital Market Authority, Muscat Stock Exchange, and the Central Bank of Oman, for their continued support and guidance.

I also take this opportunity to thank the management teams and employees at ominvest and across our Group companies for their dedication and hard work.

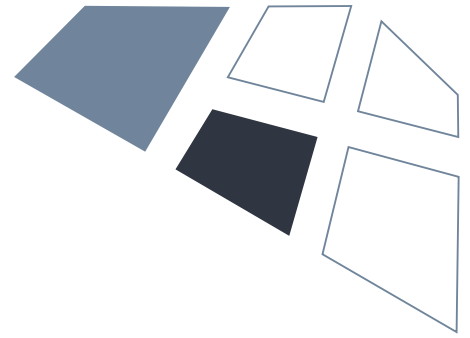


Khalid Muhammad AlZubair
Chairman



BOARD OF DIRECTORS





BOARD OF DIRECTORS

ominvest is led by a visionary and diverse Board of Directors that guides and supports the management team to achieve sustainable performance while adhering to highest professional and ethical standards. The Board strongly believes in the pivotal role of businesses in helping build sustainable societies and has embraced the key tenets of ESG in its core business practices.



Khalid Muhammad Al Zubair
Chairman



Sheikh Khalid Abdullah Al Khalili
Deputy Chairman



Jamal Shamis Al Hooti
Director



Brigadier Jamal Said Al Tai
Director



Al Wadhah Sulaiman Al-Adawi
Director



Khaula Hamood Al Harthi
Director



Najat Ali Al-Lawati
Director



Dr. Rashid Ali Al Balushi
Director



Evangelos Papadopoulos
Director

CORPORATE GOVERNANCE REPORT





KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Agreed upon procedures on Code of Corporate Governance of Oman International Development and Investment Company SAOG

**To the Board of Directors of Oman International Development and Investment
Company SAOG**

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Oman International Development and Investment Company SAOG (the "Company") for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to Capital Market Authority ("CMA") to assist in compliance of requirements prescribed in the CMA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company (also the Responsible Party) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

Practitioners' Responsibilities (continued)

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the relevant ethical requirements including independence requirements of International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethical Standards Board for Accountants.

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

Procedures and Findings

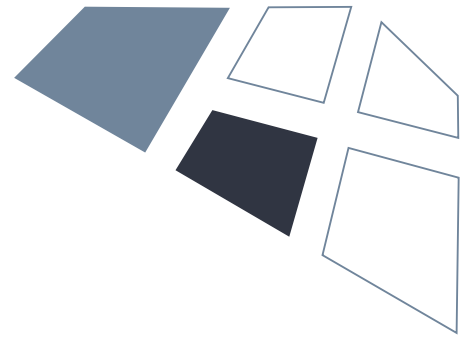
We have performed the procedures described below, which were agreed upon with the Company in the terms of engagement dated 8 March 2022, on the compliance with the Code:

S. No	Procedures	Findings
(a)	We checked that the corporate governance report (the "Report") issued by the Board of Directors includes as a minimum, all items suggested by CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3.	No exceptions noted.
(b)	We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2022. With respect to procedure above, we inquired from and obtained written representation from management and those charged with governance for non-compliance with the Code for the year ended 31 December 2022.	No exceptions noted.

This report relates only to the items specified above and does not extend to the Company's financial statements taken as a whole.

KPMG LLC
 14 March 2023

 KPMG LLC Children's Public Library Building 4th floor, Shatti Al Qurum P O Box 641, PC 112 Sultanate of Oman CR.No: 1358131
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CORPORATE GOVERNANCE REPORT

Corporate Governance is the ecosystem under which the company operates to achieve sustainability. The governance architecture supports the company in attaining its long-term vision, through applying a comprehensive framework for internal controls and operating structures for effective decision-making. Governance is an important pillar in Environmental, Social and Governance (ESG) initiatives, and a company that applies the core values and culture of Governance will be able to improve performance and shareholder value, as well as support the growth of its local community and economy.

Oman International Development & Investment Co. SAOG (ominvest) Vision is to be an eminent investment group in the MENA region with significant global reach and impact, and its Mission is to create value for our stakeholders by prudently investing in growth sectors and markets while implementing innovative solutions, scalable platforms, and impactful ESG initiatives; by applying core Values of integrity, collaboration, excellence, innovation and good citizenship for the ultimate Purpose of transforming businesses to enrich societies

The Board confirms that ominvest applies the principles set out in the Capital Market Authority's (CMA) Code of Corporate Governance for Public Listed Companies (the "Code") and applicable regulations and guidelines.

BOARD OF DIRECTORS

ominvest is led by a visionary and diverse Board of Directors that guides and supports the management team to achieve sustainable performance while adhering to highest professional and ethical standards. The Board strongly believes in the pivotal role of businesses in helping build sustainable societies and has embraced the key tenets of ESG in its core business practices.

NOMINATION OF DIRECTORS

The Nomination, Remuneration and Executive Committee assists the General Meeting in the nomination of proficient directors that are fit for the purpose. Election to the Board is based on nomination forms submitted by a candidate who meets the minimum qualification requirements as per CMA guidelines and regulations. The current Board of Directors was elected for a three (3) year term in the Annual General Meeting ("AGM") held on 31 March 2021. The next election shall be held in the AGM to be scheduled in 2024.

COMPOSITION OF THE BOARD

As of 31 December 2022, ominvest's Board comprises of nine (9) members of which five (5) are independent directors, two (2) are female directors and all the directors, including the Chairman, are non-executive in accordance with the Code. The Board comprises of distinguished leaders from the public and private sectors and the members bring high-quality expertise and skills across diverse areas including investments, general management, strategic planning, accounting and audit.

NUMBER OF BOARD MEETINGS

ominvest held six (6) Board meetings during the year ended 31 December 2022. These were held on 05 January, 27 February, 12 May, 11 August, 10 November and 15 December. The maximum interval between any two (2) meetings was ninety-one (91) days. This is in compliance with the regulations and the Code, which requires meetings to be held within a maximum time gap of one hundred and twenty (120) days.

Director's Attendance Record

Director	No. of Board meetings attended	Whether attended last AGM
Khalid Muhammad AlZubair	6	Yes
Sheikh Khalid Abdullah Al Khalili	6	Yes
Jamal Shamis Al Hooti	6	Yes
Brigadier Jamal Said Al Tai	4	Yes
Al Wadhah Sulaiman Al Adawi ⁽¹⁾	6	Yes
Khaula Hamood Al Harthi	6	Yes
Najat Ali Al Lawati	6	Yes
Dr. Rashid Ali Al Balushi	5	Yes
Evangelos Papadopoulos	6	Yes

(1) Resigned on 3rd January 2023.

None of the Directors during their directorship was a member of the Board of Directors of more than four (4) public joint stock companies whose principal place of business is based in the Sultanate of Oman, or a chairman of more than two (2) such companies. Particulars of directorships of other joint stock companies and memberships of other Board Committees is set out in Appendix 1 of this Report. Further, no director was a member of the Board of Directors of a joint stock company which practices similar activities to the company and whose principal place of business is in the Sultanate of Oman.

DIRECTORS WITH MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS, PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

All details relating to financial and commercial transactions where directors may have a potential conflict of interest are provided to the Board, and the interested directors neither participate in the discussion, nor do they vote on such matters. All such matters are also discussed in detail by Audit, Compliance and Risk Committee.

The company has its Related-Party Policy and Procedure as per the Code and all Related-Party Transactions are reviewed by the Audit, Compliance and Risk Committee and approved by the Board and AGM as applicable.

The following shareholders have 10% or more ownership in the company:

Shareholder	At 31 Dec 2022 (% Holding)
Khalid Muhammad AlZubair	19.94
Al Hilal Investment Company LLC	19.37
Civil Service Employees' Pension Fund	14.20

COMMITTEES OF THE BOARD

Nomination, Remuneration and Executive Committee ("NREC")

As of 31 December 2022, the NREC consists of five (5) non-executive members, of which two (2) are independent and three (3) are non-independent. During the year 2022, the Committee met five (5) times on 21 February, 28 May, 04 August, 06 November and 08 December and the attendance record of the members is tabled below.

Name of Committee Member	Position	Status	Meetings Attended During the Year
Khalid Muhammad AlZubair	Chairman	Non-Independent	5
Sheikh Khalid Abdullah Al Khalili	Deputy Chairman	Non-Independent	5
Al Wadhah Sulaiman Al Adawi ⁽¹⁾	Member	Non-Independent	5
Najat Ali Al Lawati	Member	Independent	5
Evangelos Papadopoulos	Member	Independent	5

(1) Resigned on 3rd January 2023

The NREC is delegated authority to facilitate the smooth operation of the Company and exercises certain responsibilities delegated by the Board. The NREC is also responsible for assisting in the nomination of competent directors by ensuring they possess the skills and abilities required by the Company. The NREC develops and maintains appropriate remuneration policies and succession planning for the Board and Executive Management. The NREC further reviews the bonus, allowance, and incentive policies for the Executive Management.

The NREC develops an Annual Plan as required by the Code to manage its tasks for the year. During 2022, NREC has reviewed the Company quarterly performance and investments within the limits set out in the Delegation of Authority and provides recommendations to the Board accordingly. In addition, as per the Board approved ESG Framework, the NREC has been tasked with reviewing and recommending to the Board all ESG-related policies, reviewing the progress on ESG toward advancing sustainability in the organization and ensuring the company is complying with applicable regulatory sustainability and ESG requirements.

Audit, Compliance and Risk Committee (“ACRC”)

As of 31 December 2022, the ACRC consists of four (4) non-executive members, of which three (3) are independent and one (1) is non-independent. All members are familiar with finance, industry, Omani laws and regulations governing public joint stock companies. In 2022, the ACRC met five (5) times. The meetings took place on 24 February, 11 May, 10 August, 08 November and 19 December and the attendance record is tabled below.

Name of Committee Member	Position	Status	Meetings Attended During the Year
Jamal Shamis Al Hooti	Chairman	Independent	5
Brigadier Jamal Said Al Tai	Deputy Chairman	Independent	5
Khaula Hamood Al Harthi	Member	Independent	5
Dr Rashid Ali Al Balushi	Member	Non- Independent	3

The Committee evaluated proposals received for the statutory audit of the company in early 2022. As a result, ACRC recommended KPMG to the Board and the Board recommended their appointment at the AGM as the company's statutory auditors for the year. ACRC reviews the audit plan, scope, findings, and effectiveness of the company's statutory audit. It also ensures the independence and objectivity of the work carried out by statutory auditors.

As part of the Committee's role of overseeing the internal control system and financial reporting, it reviews any changes to the accounting policies and evaluates its impact on the company's financial position. Moreover, it reviews the unaudited financial statements and related party transactions on a quarterly basis as well as the audited financial statements for the year end and recommends for Board approval.

The Committee continuously assesses the independence and objectivity of the Internal Audit Department (“IAD”). It has reviewed 2022-2024 risk-based audit plan and recommended it for Board approval. The Committee periodically reviews the internal audit plan, audit reports, unresolved audit matters with Management and follows up on the status of audit actions. In addition, the Committee receives reports on the department internal and external quality assurance activities to assess the effectiveness of compliance of IAD with international auditing standards. The ACRC periodically update the Board with their activities and submits an annual report to the Board on the effectiveness of the company's system of internal control, corporate governance, and risk management process.

The ACRC received quarterly updates from the Risk Management and Compliance Departments, Risk Management provides updates on the top risks along with effectiveness of internal controls in managing the risk and the mitigation plans in place to manage the residual risk. The Compliance Department updates ACRC on the company's compliance with external and internal regulations. Further, in line with CMA Circular No. E/1/2022 “Issuing Information Security Guidelines for Public Joint Stock Companies” ACRC also received quarterly updates from the Information Security Officer to verify the effective implementation of the company's information security policies and procedures.

REMUNERATION OF DIRECTORS

During the year, following the approval by the shareholders at the AGM held on 31 March 2022, the Directors were paid a remuneration of One Hundred and Fifty Thousand Rial Omani (RO 150,000) for 2021.

Directorship sitting fees of Five Hundred Rial Omani (RO 500) was paid to the Directors for each Board and Board Committee meeting attended during the year. Total sitting fees for Board and Board Committee meetings held during 2022 were as follows:

	(RO)
Board	25,500
NREC	12,500
ACRC	9,000
Total	47,000

There was no other remuneration paid by the Company to any of the Directors.

Remuneration for 2021 paid in 2022 and sitting fees paid for 2022 relating to individual Directors was (in RO):

Director	Sitting Fees				Remuneration for 2021	Total
	Board	NREC	ACRC	Total		
Khalid Muhammad AlZubair	3,000	2,500	-	5,500	23,076.923	28,577
Sheikh Khalid Abdullah Al Khalili	3,000	2,500	-	5,500	19,230.769	24,731
Jamal Shamis Al Hooti	3,000	-	2,500	5,500	15,384.615	20,885
Brigadier Jamal Said Al Tai	2,000	-	2,500	4,500	15,384.615	19,885
Al Wadhah Sulaiman Al Adawi ⁽²⁾	3,000	2,500	-	5,500	15,384.615	20,885
Khaula Hamood Al Harthi	3,000	-	2,500	5,500	15,384.615	20,885
Najat Ali Al Lawati	3,000	2,500	-	5,500	15,384.615	20,885
Dr. Rashid Ali Al Balushi	2,500	-	1,500	4,000	11,538.462	15,538
Evangelos Papadopoulos	3,000	2,500	-	5,500	11,538.462	17,038
Taya Jandal Ali ⁽¹⁾	-	-	-	-	3,846.154	3,846
C.S Badrinath ⁽¹⁾	-	-	-	-	3,846.154	3,846
Total	25,500	12,500	9,000	47,000	150,000	197,000

(1) Director up to AGM 2021.

(2) Resigned on 3rd January 2023.

Directors' Remuneration proposed for 2022 is Three Hundred Thousand Rials Omani (RO 300,000/-) and this is subject to shareholders' approval at the AGM scheduled to be held on Thursday, 30 March 2023.

INTERNAL CONTROL REVIEW

The Code requires that the directors should, at least annually, review the effectiveness of the company's system of internal controls and report to the shareholders that they have done so. Further, the Code requires the ACRC consider the internal audit system of the company and issue an annual written report outlining its opinion and recommendations, if any. The Committee issued its annual report to the Board along with the recommendations of enhancing the internal control system.

The Board attach great importance to maintaining a strong control and governance environment and confirm that its review has covered the financial statements, all controls, including financial, operational, compliance and risk management. The Board has reviewed the company's internal control policies and procedures and is satisfied that appropriate policies are in place to implement the requirements of the Code.

MANAGEMENT

ominvest's Executive Management team comprises of highly regarded leaders with extensive regional and international experiences. The team brings significant expertise in the areas of banking, insurance, capital markets, investments, finance operations and governance. The management team embodies the company's vision, purpose and values and is dedicated to enhancing value for all stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

A copy of the Management Discussion and Analysis is included as part of the Annual Report.

MANAGEMENT REMUNERATION

As of 31 December 2022, the company had forty (40) full-time employees. The expenses (salaries, allowances, other statutory payments and bonuses) incurred for 2022 relating to the top (5) full-time Executive Management team of the Company was Two Million Two Hundred and Ten and Nine Hundred and Four Thousand Rial Omani (RO 2,210,904/-).

All employees are employed on two-year (2) renewable employment contracts. The notice period is three (3) months for the Executive Management, and one (1) month for all other positions.

SHAREHOLDERS

COMMUNICATION TO SHAREHOLDERS AND INVESTORS

Information relating to the company and its quarterly and annual financial statements are uploaded on Muscat Stock Exchange ("MSX") website and posted on the company's website at www.ominvest.net. Financial statements, in Arabic and English, are also available at the company's offices during the company's business hours. The quarterly unaudited and annual audited sections of the financial statements of the Group and Parent Company are published in leading Arabic and English newspapers in the Sultanate of Oman.

Audited financial statements (abridged), in Arabic together with the Notice and Agenda for the AGM are uploaded to the Muscat Clearing and Depository Company SAOC portal and have also been disclosed on the MSX website. Extracts from the financial statements are published in an Arabic and English newspaper within five (5) days of filing it through electronic transmission system of MSX.

DISTRIBUTION OF SHAREHOLDING

The shareholding pattern as of 31 December 2022 was:

Number of Shares	% Held	Number of Shareholders	Total Shares	% of Share Capital
Above (66,836,543)	Above 10%	3	357,675,815	53.52
(33,418,271 - 66,836,543)	5% to 10%	1	45,906,732	6.87
(6,683,654 - 33,418,271)	1% to 5%	9	122,390,797	18.31
Below (6,683,654)	Below 1%	2,020	142,392,082	21.30
Total		2,033	668,365,426	100.00

STATUTORY AUDITOR

KPMG LLC

The shareholders of the company appointed KPMG as its Statutory Auditors for 2022. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 150 people, amongst whom are six partners and eight directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and have 265,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

The professional fees paid or payable to KPMG LLC for the financial year 2022, after their appointment as statutory auditors is RO 22,050, this amount represents RO 16,040 for the audit services and RO 6,010 paid for non-audit services.

LEGAL ADVISOR

Curtis, Mallet-Prevost, Colt & Mosle LLP

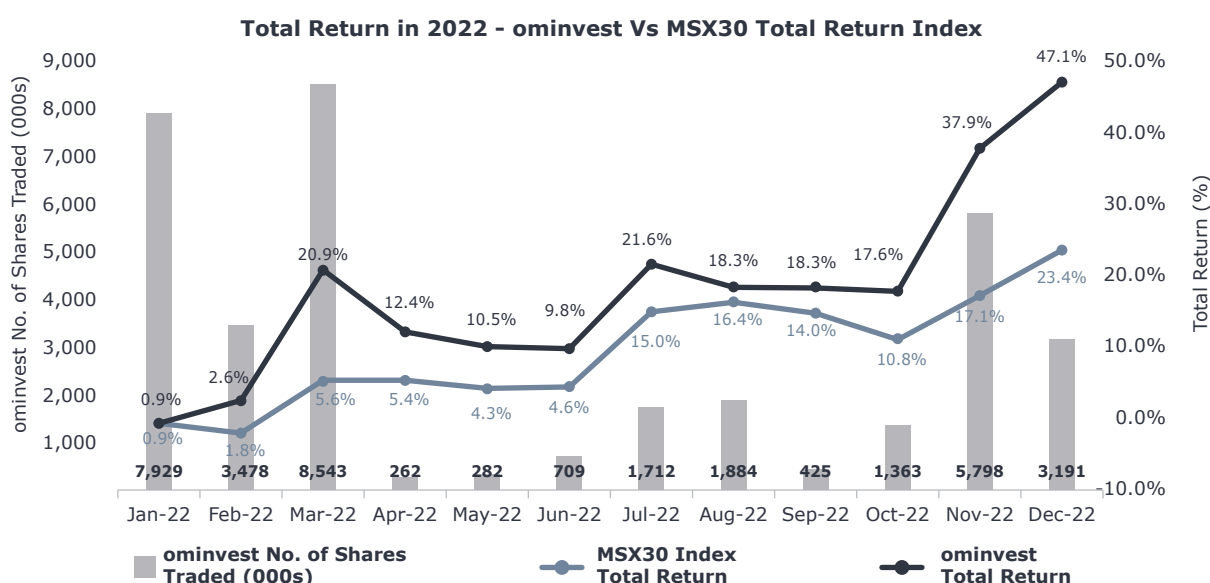
For more than twenty-five years, Curtis Oman has been helping Omani and international companies, financial institutions and governments to do business in the Sultanate of Oman. Curtis remains the only US-headquartered law firm licensed to practice in Oman. The Muscat office is the hub of their wider Middle East practice and offers the full range of international and domestic legal services.

Curtis has been lead adviser on some of the largest and most significant projects in Oman, and is regularly recognized as one of the country's foremost law firms. In the latest edition of its Europe, Middle East and Africa guide, Legal 500 identified Curtis as a leading legal service provider in Oman. Curtis and its Muscat lawyers were recognized for their extensive experience in the areas of banking and finance, corporate and mergers and acquisitions, projects and energy, and shipping.

In particular, Curtis has in depth of experience in banking and financial services, the firm advises on all aspects of contentious issues and regulatory compliance involving the banking, capital markets and investment fund sectors. The firm develops strategies that safeguard its clients' assets and reputations enabling them to focus on pursuing their business objectives with confidence.

MARKET PRICE DATA

The performance of the Company's share price (Total Return) in 2022 versus MSX-30 Index is shown below:



Source: MSX

Details of ominvest's high, low, and closing share prices during each month are as follows:

ominvest Share Price Data	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
High	0.318	0.320	0.342	0.314	0.312	0.306	0.344	0.332	0.332	0.330	0.392	0.420
Low	0.300	0.310	0.338	0.314	0.308	0.306	0.342	0.332	0.330	0.330	0.380	0.420
Close	0.304	0.314	0.340	0.314	0.308	0.306	0.342	0.332	0.332	0.330	0.392	0.420

Source: MSX Monthly Bulletin

DETAILS OF NON-COMPLIANCE

There have been no material incidents of non-compliance relating to the Commercial Companies Law No. (18/2019), CMA's Code of Corporate Governance for Public Listed Companies, CMA regulations or the MSX listing agreements. However, a penalty and a late payment fee were imposed on the company by CMA, due to a delay in disclosing the initial results in Q1 of 2022, the instance was resolved amicably. No other penalties and strictures have been imposed on the Company by the MSX, CMA or any other regulatory authority during the past (3) three years.

ACKNOWLEDGEMENT BY THE BOARD

The Board acknowledges its responsibilities and confirm that:

- The Audited Group and Parent Company financial statements have been prepared in accordance with the IFRS, the applicable requirements of the Commercial Companies Laws No. (18/2019) and the disclosure requirements of the CMA;
- The internal controls and procedures have been reviewed through an established process of regular internal audit, review by the Audit, Compliance and Risk Committee and the final clearance by the Board;
- The Parent Company and the Group have a strong financial standing to carry on their successful operations in the foreseeable future.

Khalid Muhammad AlZubair
Chairman

Sheikh Khalid Abdullah Al Khalili
Deputy Chairman

Abdulaziz Mohammed Al Balushi
Group CEO

APPENDIX 1

PARTICULARS OF DIRECTORSHIPS ON OTHER JOINT STOCK COMPANIES AND MEMBERSHIPS OF THEIR COMMITTEES AS OF 31 DECEMBER 2022

Director	Company	Position	Committee	Position
Khalid Muhammed AlZubair	National Life and General Insurance Company SAOG	Chairman	NREC	Chairman
Sheikh Khalid Abdullah Al Khalili	Bank Nizwa SAOG	Chairman	EC NRC	Chairman Member
	Al Ahlia Insurance Company SAOG	Chairman	N/A	N/A
	Jabreen International Development Company SAOC	Chairman	NREC	Chairman
	Oman Telecommunications Company SAOG	Director	SIC	Member
Brigadier Jamal Said Al Tai	Oman National Investments Development Company SAOC	Director	AC	Member
Al Wadhah Sulaiman Al Adawi	Hydrocarbon Finder SAOC	Deputy Chairman	N/A	N/A
	Jabreen International Development Company SAOC	Director	AC	Member
Najat Ali Al Lawati	National Bank of Oman SAOG	Director	CC and ENRC	Member
	Oman Cement Company SAOG	Director	AC	Chairman
Dr. Rashid Ali Al Balushi	Jabreen International Development Company SAOC	Director	AC	Member
	National Finance Company SAOG	Director	RC	Member
NREC/ ENRC = Nomination, Remuneration and Executive Committee		SIC = Strategy & Investment Committee		
EC = Executive Committee		AC = Audit Committee		
NRC = Nomination and Remuneration Committee		CC = Credit Committee		
		RC = Risk Committee		

EXECUTIVE MANAGEMENT



PROFILE OF EXECUTIVE MANAGEMENT

ominvest's Executive Management team comprises of highly regarded leaders with extensive regional and international experiences. The team brings significant expertise in the areas of banking, insurance, capital markets, investments, finance operations and governance. The management team embodies the company's vision, purpose and values and is dedicated to enhancing value for all stakeholders.



AbdulAziz Mohammed Al Balushi

Group CEO - ominvest

AbdulAziz Mohammed Al Balushi is the Group CEO of Oman International Development and Investment Company SAOG (ominvest). With over 37 years of professional experience, AbdulAziz has extensive and in-depth knowledge of the global financial services industry.

Since joining ominvest in 2014, AbdulAziz together with the Management Team transformed the company by implementing the new Vision set forth by the Board of Directors, formulating a new organizational culture, structure and policies. Under the leadership of AbdulAziz, the Management Team successfully accomplished the merger between ominvest and ONIC Holding, creating the largest publicly listed investment company in Oman. AbdulAziz and the Management Team were also responsible for several key initiatives at ominvest, such as the IPO of its flagship insurance company National Life; the development of its iconic headquarters ominvest Business Centre; the merger of National Finance and Orix Leasing Company; Capital Raising initiatives such as the issuance of perpetual bond for ominvest; and the merger of Oman Arab Bank with Alizz Islamic Bank, which led to Oman Arab Bank's listing on the Muscat Stock Exchange and becoming an SAOG and NLGIC acquiring RSA Middle East which led to it becoming one of the top ten insurance companies in the region.

Prior to joining ominvest, AbdulAziz was the CEO of Ahli Bank SAOG from 2007 to 2013 and was primarily responsible for converting a single-product mortgage bank into a full-fledged commercial bank with assets of over US\$ 3 billion and equity of over US\$ 450 million. In November 2012, AbdulAziz was ranked "Second Best CEO in the Arab Banking World" by Forbes Middle East. In April 2019, he was conferred the "CEO of the Year" Award at the Oman Banking & Finance Awards by Oman Economic Review.

AbdulAziz holds a Master of Science Degree in Finance from the University of Strathclyde (UK) and is a Fellow of Chartered Institute of Bankers (UK). AbdulAziz served at various Boards across the Sultanate and as an Advisory Board Member in the college of Agriculture and Marine Services at Sultan Qaboos University.

Currently, AbdulAziz is the Deputy Chairman of Jabreen International Development Company SAOC; and a Board member at Oman Arab Bank SAOG, National Finance Company SAOG and National Life and General Insurance SAOG, RSA Bahrain and Al Alamiya Insurance Saudi Arabia. Additionally, he is a member of Oman American Business Centre, an organization formed to foster the development of commercial activity between the United States of America and the Sultanate of Oman. He is also a Fellow of the Institute of Financial Services, an organisation supporting professionalism in Financial Services.



Sanjay Kawatra
CEO of Strategic Businesses

Sanjay Kawatra has over 24 years of solid experience in providing financial, strategic, growth and operating leadership. He is well connected globally and possesses deep sector knowledge of banking, leasing and insurance with focus on the Sultanate of Oman.

Sanjay currently serves as Chief Executive Officer - Strategic Businesses of ominvest Group. He is responsible for managing ominvest's Group strategic investments. Earlier he was a partner in EY MENA and has led EY's assurance practice in Qatar and Oman. He has extensive experience in matters relating to investments, leadership, IPOs, mergers and acquisitions, restructuring, divestments, performance improvement, valuation and cross border fund raising transactions.

Sanjay has served as an advisor to several regulatory committees in Oman. He is an active presenter in business forums and contributes articles to business magazines. He is also a Board member of several companies including publicly listed and regulated companies such as Alizz Islamic Bank SAOC and National Life & General Insurance Company SAOG, RSA Bahrain and Al Alamiya Insurance Saudi Arabia.

He holds a Bachelor of Commerce and is a Member of the Institute of Chartered Accountants of India.



Shahid Rasool
CEO of Global Capital
Markets Investments

Shahid joined ominvest Group in 2014 as the Chief Investment Officer (CIO). Over the years, he has held leadership responsibilities at prominent Investment Banks and Investment Firms in the Middle East. Shahid has managed substantially large investment platforms across public equities, private equity, fixed income and alternative investments across regional and international markets.

Before joining ominvest, Shahid was Head of Public Securities at QInvest (Qatar's largest investment bank) and managed the bank's proprietary capital and client portfolios focusing on MENA and Global Equities. Earlier, he was Head of Investments Group at First Gulf Bank (now First Abu Dhabi Bank) in Abu Dhabi, where he led a large team and managed multi-asset investment portfolios covering MENA and Global markets.

Shahid is a CFA charter holder and received an MBA from The University of Chicago, Booth School of Business, Illinois, USA.



Anwar Al Jabri
CEO of Investment Banking
and Private Equity

Anwar Al Jabri is the CEO of Investment Banking and Private Equity at ominvest; Chairman of Ubhar-Capital - a leading investment Banking firm in Oman; and serves as Deputy Chairman of Ahli Bank. He previously held various senior positions including Investment Director at Oman Investment Fund (OIF), CEO of National Pioneer Investment & Development Company. He served within other premier institutions such as the Central Bank of Oman and Oman Refinery.

Anwar has more than 21 years of experience in the Investment and Finance industry where he has held various leadership positions. He holds a Bachelor of Science degree in Accounting, a Master's degree in Business Administration, and is a Certified Public Accountant (CPA).



Nasser Al Shibli
Chief Real Estate Officer
(CREO)

Nasser Al Shibli is the Chief Real Estate Officer (CREO) at ominvest Group. He has over 20 years of experience in real estate development and investment as well as project management. He previously worked in a reputable real estate company, Oman Telecommunications Company, and the Ministry of Endowments & Religious Affairs.

Nasser holds a Bachelor's degree in Civil Engineering from Sultan Qaboos University, MBA from the University of Bedfordshire, a Master's degree in Project Management from George Washington University, and has completed a Real Estate Management Program from Harvard Business School.



Badar Al Shanfari
Chief Operating Officer (COO)

Badar Al Shanfari, currently serves as Chief Operating Officer (COO) at ominvest. He has over 17 years of experience in the field of Investments and Financial Services. Throughout his career Badar has held various leadership positions including the CEO of Uzbek-Oman Investment Company, which is the leading private equity firm based in Tashkent. He then took on a role as EVP of International Strategic Business at ominvest and Deputy CEO of EastBridge Partners based out of Singapore to lead ominvest's Southeast Asian initiatives. Badar has served and is currently on multiple Boards of various companies, in different sectors and geographies.

He earned his bachelor's degree in Business Administration from Duquesne University and his MBA from Strathclyde University. In addition, Badar is a Certified Public Accountant from the United States of America - state of Delaware



Waleed Al Yarubi
Chief People Officer (CPO)

Waleed joined ominvest Group in 2021. He has more than 20 years of experience in providing human capital, strategic and operating leadership. His vast experience has proven to significantly contribute to the success of major initiatives devised throughout his professional journey, across various leading business conglomerates and within the public and private sectors.

Waleed currently serves as Chief People Officer at ominvest Group. He is responsible for providing strategic leadership in managing Human Capital based on global standards. He is entrusted to lead various people management strategies and solutions, and to promote a unique culture of performance and learning. Part of his mandate is contributing to investment growth, maintaining shareholders' trust, ensuring business continuity, and being a catalyst for cultural evolution. Prior to joining ominvest, he held various leadership positions including Group Head-Human Resources, and Chief People Officer at leading business conglomerates in the Sultanate of Oman.

Waleed holds a master's degree in Business Administration from the University of Hull, a Bachelor's Degree with honors in Finance Management, and various certificates in Innovation Management, Performance Management, Project Management, and Risk Management.



Hamid Al Harthi

Chief Investor Relations
Officer (CIRO)

Hamid joined ominvest in 2009 as a Vice President Internal Audit, reporting to the Audit Committee. He is a Certified Internal Auditor (CIA) – from the Institution of Internal Auditors (IIA), United State of America (USA) and a Certified Internal Quality Auditor (CIQA). He is a member of the Institution of Internal Auditors (IIA), USA, and a member of the Information Systems Audit and Control Association (ISACA), USA. He has over 12 years of professional experience in internal audit in various institutions in Oman including Oman Development Bank; Gulf Investment Services (GIS) as Head of Internal Audit and Group Compliance Officer; and Gulf Baadar Capital Markets as Management representative of GIS. Hamid graduated from Sultan Qaboos University with a Bachelor's degree in Accounting.



Muneer Al Mughairy

Chief Audit Officer (CAO)

Muneer has deep executive experience in internal audit, risk management and corporate governance. Muneer is providing strategic direction to the audit department that also covers other subsidiaries within the group. He is the president of the institute of internal Auditors-Oman. He is also a member of the advisory board at the department of accounting at Sultan Qaboos University. Muneer holds a master's degree in Business Administration from Strathclyde University and is a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Information System Auditor.



Sarah Lashkoo

Chief Governance Officer and
Company Secretary (CGO)

Sarah joined the Group in June 2014 as the Head of Compliance Affairs. She has over 14 years of experience in commercial law, compliance affairs and corporate governance. Sarah is currently the Company Secretary and Chief Governance Officer overseeing the governance and legal department and providing advice accordingly to ominvest Group in complex cross border transactions, regulatory affairs and governance matters.

Prior to joining ominvest, Sarah was part of the team that was handling international treaties and government contracts in the Ministry of Justice and Legal Affairs (previously the Ministry of Legal Affairs). Sarah has a Master of Law in International Business and Economic Law from Georgetown University, USA and a Bachelor of Law degree from the University of Reading, UK.

EXECUTIVE MANAGEMENT – OUTLOOK 2023

ominvest announced a new organisation structure, effective 1st January 2023. The changes include the following Executive Management positions:

Sanjay Kawatra

Deputy Group Chief Executive Officer (DGCEO)

The DGCEO will form a strategic cornerstone between our portfolio companies and ominvest. In his capacity, he will play a pivotal and strategic role between ominvest and our portfolio companies for the development, refinement, and implementation of ominvest's Strategy. The DGCEO, under direction of the GCEO, will drive top-line growth, accelerate partner-centric strategies, and improve investment efficiency. He will translate the Board of Director's and GCEO's directions in creating co-investment opportunities and maintaining sustainability of earnings.

Strategically, he will work with the Group Executives to curate new investment opportunities and markets for growth and expansion of the group portfolio, including divestments, market-entry, mergers and acquisitions and new investments platforms.

The DGCEO will create opportunities of synergy between various Group companies and transition our promising portfolio companies into regional and international players. He will create valuable structures to optimize and exit non-core investments and release capital for new investments. The DGCEO will collaborate with the CEOs of the Group companies in their day-to-day business issues and support in providing strategic insights. He will oversee the organizational financial planning, and serve as strategic advisory for the Board, GCEO and Group Executive peers to improve the organizational financial performance results.

As part of his mandate, he will be responsible for establishing new investment platforms to increase the value of portfolio companies and ensure they are ready for future expansions. The DGCEO will work closely with the GCEO, Group Executives, and CEOs of Group companies to establish an effective control system, appropriate for ominvest Group, and in accordance with the principles laid down by the Board and ominvest strategy. The DGCEO, in collaboration with the GCEO and Group Executives, will build the organizational brand and communication strategies making ominvest as industry brand ambassador regionally and globally.

Al Wadhah Al Adawi

Chief Business Officer (CBO)

The CBO will work closely with the DGCEO and other leadership of Group companies to drive investment growth, business synergies, and setup long-term strategic investment partnerships leading to the further evolution of ominvest. The CBO will be responsible for capital market investments. Within this role, the CBO will ensure seamless integration within opportunities of business synergies and ensure optimization of assets. The CBO will collaborate with DGCEO to create valuable structures to optimize and exit non-core investments. Under the supervision of DGCEO, the CBO will play a pivotal role in translating ominvest's investment strategy to create co-investment opportunities and maintain sustainability of earnings.

Waleed Al Yarubi

Chief People and Strategy Officer (CPSO)

The Board is placing high emphasis on developing cohesive corporate culture, vision, and values; which will be achieved by aligning the 3Ss of organization (strategy, structure, and systems). CPSO will provide strategic leadership in devising global-based human capital solutions, people management services, and managing the implementation and monitoring of the performance of ominvest's Strategy. He will be entrusted to design various Human Capital management strategies, propagate a unique culture of performance and learning, support the investments' growth, maintaining shareholders' trust, ensure business continuity, and making ominvest future ready.

The CPSO will, in close collaboration with the GCEO, manage and monitor the strategy plan performance implementation to ensure all are in alignment with the ominvest strategic plan. This includes serving as an

innovator and overseeing the implementation of game changing opportunities to monitor the strategy's performance and working to facilitate the change management. He will work closely with the GCEO to promote a culture of integrity, set the value system of the Group, and create the work environment culture that best fits to drive organizational success.

To strengthen the control and governance of our business, ominvest maintains a robust internal controls framework. This business area operates independent from the operational functions and have sufficient authority, stature, and resources. Each internal control function establishes relevant policies in relation to its operation, in sync with the local laws and regulations.

Sarah Lashkoo

Chief Legal Officer and Company Secretary

Consequently, to the strategy alignments, it has become necessary to elevate our Corporate Legal protocols, where Sarah's role and responsibilities has been aligned to become the Chief Legal Officer and Company Secretary (CLO). This is critically important role as it entails liaising with the Board of Directors, GCEO, Group Executives, and the CEOs of Group companies in overseeing legal affairs requirements. Part of her mandate is to support ominvest and Group companies to act in the best interests of their businesses in sync with the regulatory requirement.

Muneer Al Mughairy

Chief Audit Officer

Generally, the Internal Audit structure of ominvest will remain unchanged, however the overall scope of the audit will considerably elevate as we move ahead with future investments growth. It will entail not only diverse operations within local investments and the region, but also involve in conducting audit exercises covering all international investments. We are committed to providing our Audit with all the support required to ensure smooth operation with high efficiency and integrity.

Chief Governance, Risk and Compliance Officer (CGRC):

The GRC function is being devised for purpose of introducing leading control practices and ensure alignment to drive business efficiencies. The CGRCO will be responsible for ensuring the overall Sustainability, Governance, Risk, and Compliances of ominvest. The role will help shape the ESG framework and design the sustainability outlook for ominvest and subsequently for the portfolio companies. The CGRCO will also guide the Group companies to set the guidelines for the said functions. The CGRCO will provide monitoring support to ensure the sustainability of the various portfolio companies and shaping to improve ominvest's risk profile through a more effective and efficient compliance. In this role, the CGRCO will assist the GCEO to set a sustainability-focused governance control to ensure organizational adherence to government regulations, compliance with all regulatory requirements, and internal policies. The CGRCO will be responsible to evaluate the organizational risk and develop mitigation standards, procedures, and controls. This role will be responsible for data integrity, security, and privacy and will work closely with outsourced partners to maintain the highest levels of information security standards.

The new organogram has also been aligned to the new vision of the strategy and strengthened by the following key business functions, reporting directly to the DGCEO:

Nasser Al Shibli

Chief Real Estate Officer (CREO)

Given the magnificent achievements made via various real estate investments, Nasser will continue leading a boutique offering of real estate projects, which will continue to predominantly generate future cash flow to the business. He will continue to oversee and support the operations of all real estate projects within ominvest, including Muscat Resorts operations.

Hamid Al Harthi

Chief Investor Relations Officer (CIRO)

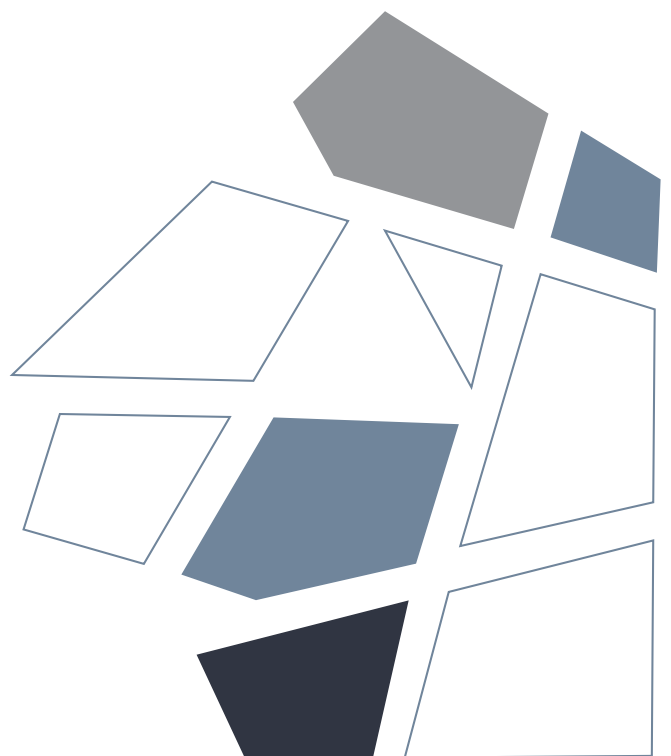
Subsequent to the accelerated investments growth and our updated strategy direction, the CIRO role now becomes even more critical to businesses to have a greater focus on managing all investor relations matters via a dedicated expert with a solid knowledge base in managing investors relationship. The CIRO will be responsible to manage the relationship of our shareholders and investors, in sync with the ominvest strategy and regulatory requirements. The incumbent will have a critical function to play given the broader mandate of the investor relation function.

Chief Communication Officer (CCO)

The CCO function has been created as a result of strategy alignment to the global leading practices. This function is crucial for our business growth journey and plays a vital role as a cornerstone between ominvest, shareholders, and the community at large. The CCO will collaborate across all Group companies to ensure effective external-internal communication strategy and support the implementation of ominvest goals. The CCO will be entrusted to build the corporate image of ominvest, reputational management, crisis management and support in shaping the business narrative & corporate identity. The CCO will foster relationship with media partners and be responsible for internal and external communications, investor relations, social media, and managing the CSR & community impact programs. The CCO will be responsible to drive the implementation of our communication strategy through different platforms to maintain a sustainable socio-investment. As part of the CCO mandate, the incumbent will work to put the footprint of ominvest in local, regional, and global investment forums and key events.

Chief Financial Officer (CFO)

The CFO plays a vital and diverse role to help preserve the assets of ominvest, ensure compliance with the financial regulations, effective financial closing, and address any financial concerns to our investors and management. The core business of the CFO will focus on providing an efficient and effective financial planning, mergers & acquisitions analysis, fund management, tax management, in addition to managing the IT infrastructure of ominvest. As part of the mandate of the CFO, the incumbent will work closely with the GCEO and DGCEO to conduct deep financial analysis to curate new investment opportunities and markets for growth, including divestments and mergers & acquisitions analysis. This position will play an integral role in supporting all the Group companies to financially shape the overall strategic financial management.



Environmental, Social, and Governance (ESG)



Environmental, Social, and Governance (ESG)

We believe business plays a key role in creating sustainable and scalable economic, environmental and social value. Integrating sustainability across our organisation underpins this belief and accelerates our success.

As part of its Sustainability Strategy, ominvest is committed to integrating sustainable practices within all its operations and investment activities. To put these ambitions into practice, a holistic, organisation-wide ESG Framework was developed. The Framework consists of two (2) distinguished focus areas: Sustainable Operations and Responsible and Impact Investing. While designing our ESG Framework, we consulted various sustainability standards and ensured alignment with the Stakeholder Capitalism framework by the World Economic Forum (WEF), the United Nations Sustainable Development Goals (SDGs), the Oman Vision 2040, and the Principles for Responsible Investment (PRI).

We have also appointed ten "ESG champions" across the Group to manage and implement ESG efforts and initiatives. All champions have undergone comprehensive ESG training in 2022. The series of training sessions concluded with a 32-hour "ESG Champions" Training Course for those ESG leads. Through these training sessions, we aimed to build internal capacities and raise awareness of the importance of ESG integration at ominvest.

Entrepreneurs and Small and Medium Enterprises (SMEs)

ominvest continues to support projects that empower SMEs. We are a proud Support Partner of the Direct Support Program by Zubair Enterprises Development Centre (Zubair EDC). The Program selects and rewards dedicated members of the centre, who have applied the advice provided to them by the Zubair EDC team. The members receive financial grants and opportunities for commercial contracts. Further support and consultancy are also provided to elevate their businesses.

Under Zubair EDC, we contributed RO 10,000 to support the TUHLAB project, an initiative focusing on transferring local algae to fish feed. This project, the first in the Sultanate of Oman, aims to produce fish feed using locally available algae and serve a growing market that is highly dependent on imported aquafeed. We have also contributed RO 10,000 to the ALPHA VITA project, which recycles and creates innovative solutions from alfalfa.

This year marks the fifth year we have partnered with Injaz Oman, a non-profit organisation established in 2006 by Junior Achievements Worldwide to enable young people to own their economic success and prepare for today's business challenges. ominvest sponsored "The Student Company Programme", a simulated business laboratory where students experience the entire lifecycle of a start-up company. 21 teams made it to the finals of the Student Company Programme and competition in 2022. A student company called "Artimsts" won the ominvest award for best student company of the year. "Bioplastic" won ominvest's award for best sustainable product, and "Dibq" received ominvest's award for best innovative product. To encourage the nourishment of an entrepreneurship culture amongst youth in Oman, ominvest renewed its sponsorship of Injaz Oman's Student Company Programme by contributing RO 30,000.

Environment

ominvest is committed to environmental sustainability and sustainable development. ominvest renewed its membership fee of RO 1,000 to the Environmental Society of Oman, a non-profit organisation with a mission to help protect Oman's natural heritage and encourage environmentally sustainable action through education, awareness, and conservation.

Community Support and Donations

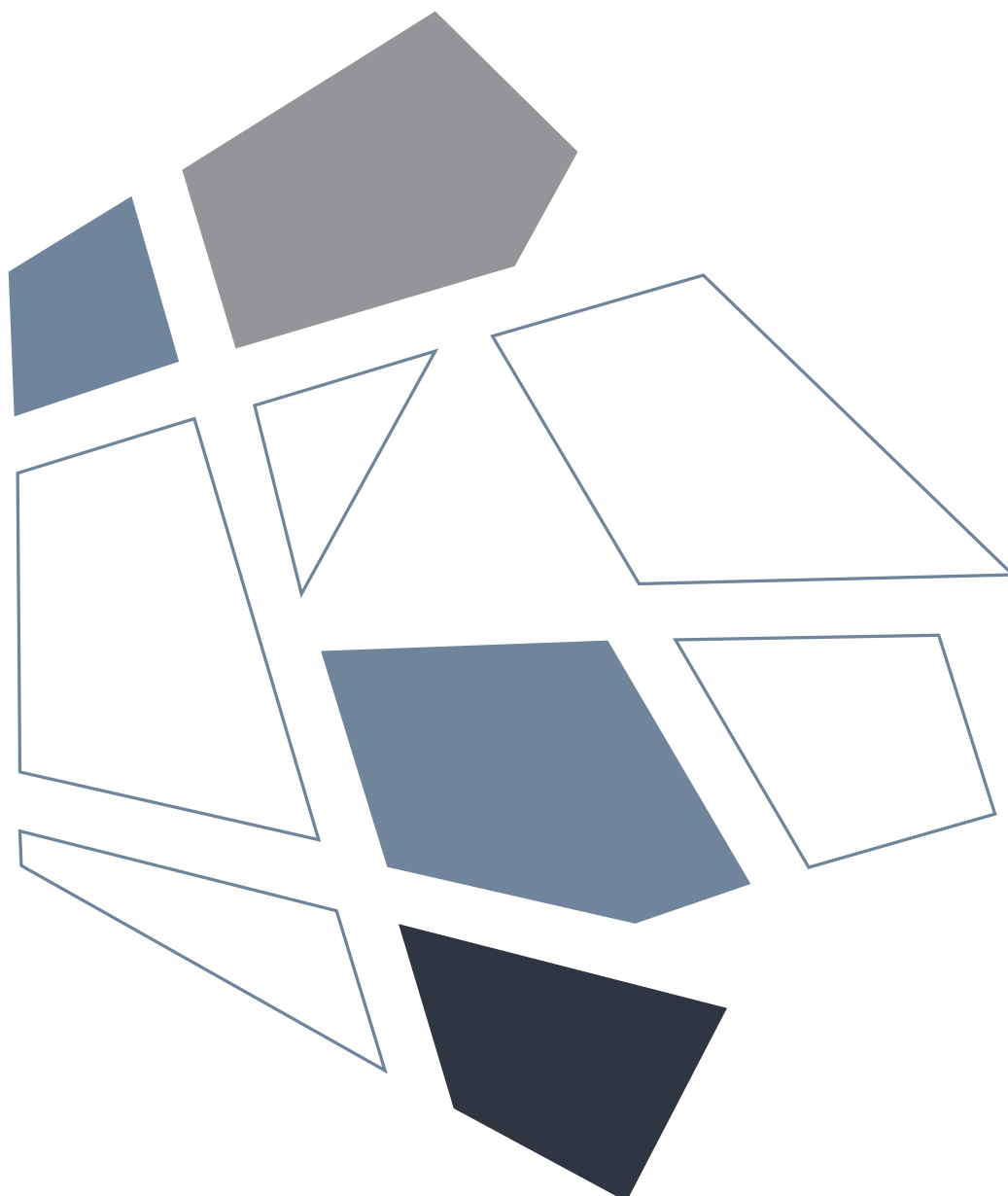
In accordance with the Ministry of Commerce, Industry and Investment Promotion's Ministerial Decision 205 / 2021, 20% of ominvest's CSR budget, amounting to RO 24,000, was allocated to social responsibility programs for the benefit of the Oman Charitable Organisation.

ominvest has committed to support the "Together for Them" project by the Human Development Centre for the Disabled (HDCD), an initiative which aims to provide quality training and job opportunities to persons with disabilities in various industries in Oman. ominvest contributed RO 15,000 to support the training of 5 individuals.

Through our subsidiary, Oman Real Estate Investment and Services LLC (ORIS), we have committed to the development and growth of Omani communities by supporting the Al Rahma Association. ORIS provided project management services to support the building of the Al Rahma Centre, which is a social enterprise expected to generate income for the Association's initiatives, such as purchasing needed study aids for students. The Centre holds an area 6,229 square metres and will have 20 shops for leasing, administrative offices, and meeting rooms, while also acting as a venue for workshops and a space for families looking to sell homemade products.

Our in-house internship programme welcomed 7 candidates and provided them with opportunities to acquire practical knowledge, build expertise, and gain a first-hand experience of how listed investment companies operate. In 2022, one intern was hired as a full-time employee for demonstrating excellent performance. oinvest spent RO 2,250 in support of the interns in 2022.

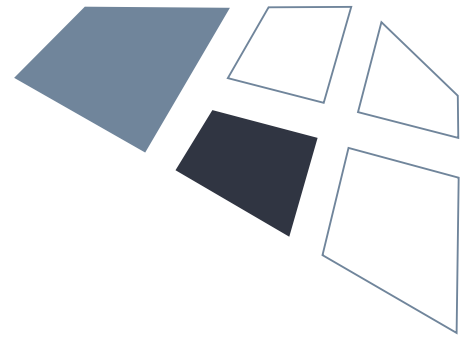
Before proceeding with any initiative or donation, we make sure that our contribution aligns with our CSR criteria and serves the social causes we aim to serve. Our objective is to create long term value for all our stakeholders and align with our purpose statement in everything we do.





MANAGEMENT DISCUSSION AND ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS REPORT

For the year ended 31 December 2022

1. Company Overview

Oman International Development and Investment Company SAOG (ominvest) is one of the oldest, largest and most successful investment firms in the region. Founded in 1983, it has been consistently profitable and has an enviable track record of uninterrupted dividend payments to its shareholders. ominvest has long owned high-quality assets producing healthy cash flows. Listed on the Muscat Stock Exchange, ominvest serves over two thousand shareholders. The Company is led by a visionary board and a capable management team – dedicated to enhancing value for all stakeholders.

2. Business Model and Investment Philosophy

ominvest is a long-term value investor seeking to achieve capital preservation and high-risk adjusted investment returns. Our investment philosophy involves investing in high-quality, sustainable businesses with a robust governance framework that can withstand economic downturns. We maintain a high level of valuation discipline and have successfully diversified our investments across companies, sectors, and geographies, with a focus on the financial services sector. We have always supported our Omani strategic investments to enable their growth and success. Our strong financial position and discipline allow us to take advantage of opportunities during market downturns and exit at the right time with attractive valuations.

We emphasise that the companies we invest in are simply as good as their management, which is why we invest alongside into smart management teams that demonstrate a high level of integrity and competence. We provide full autonomy and flexibility to the management teams of our portfolio companies and support them in achieving their full potential by providing strategic direction and an additional layer of competency.

While our strategic investments in the financial services sector provide us with steady cash flows in the long term, we also make opportunistic private equity investments in Oman, GCC, and Southeast Asia. These are medium-term investments in high-growth sectors such as education, healthcare, logistics, technology, and consumer durables. Our focus is on high-growth markets with a rising GDP, attractive demographics, and markets with sound regulatory frameworks. Through our offices in Singapore and DIFC, our Private Equity & Investment Banking team are also building assets under management with a focus on generating fee income and creating valuable platforms. As of now, we have assets under management of public and private investments of around USD 2.1 billion, which is a testament to the trust placed in our platform by third-party investors. We have an ambitious growth plan and are moving forward swiftly.

As part of our diversification and liquidity management strategy, we have also made a sizeable allocation to global capital markets with the objective of building high-quality multi-asset and multi-strategy portfolios. This initiative will enhance our profits, cash flows, and overall liquidity position.

ominvest today serves as a catalyst for creating scalable platforms. We are not content to rest on our past and present successes. The world is changing rapidly, and with it, the way business is conducted. At ominvest, our core success has always been our ability to recognise trends and apply flexibility to the way we do business. We believe focused diversification is essential in managing the concentration risks associated with significant investments in a single company or sector. This is why we have worked hard to actively diversify our portfolio. We are pleased to report that we have reduced our concentration in the banking sector, which comprised 97% of our group assets in 2014, compared to 27% currently. Furthermore, 44% of our group's consolidated assets are now located outside of Oman, compared to less than 1% in 2014. This is due to our new international investments and our affiliated companies in Oman becoming regional players.

That is why we are looking positively into the future. Today, ominvest is not only investing its own capital but also attracting third parties to join us in achieving new heights. This new era is about embracing future trends and leveraging our adaptability to change.

ominvest's track record is demonstrated through its solid growth in assets; steady increase in its share price; and a history of uninterrupted dividends to shareholders since inception. Our subsidiaries and associates comprise of companies with leading market shares in their respective sectors. Our job is to support them by carrying out value enhancing initiatives such as growth capital, consolidation through mergers and acquisitions and expansion in international markets.

3. Key Developments during 2022

During 2022, ominvest continued to deliver strong results amid a challenging economic environment. Specifically, we achieved the following milestones:

A. National Life & General Insurance Company SAOG (National Life), our subsidiary in the insurance sector, completed the RSA Middle East transaction during July 2022, which was executed in two parts:

- Purchasing 50.00002% shareholding in RSA Middle East from Sun Alliance Insurance Overseas LTD (SAIO), a fully owned entity of Royal & Sun Alliance Insurance Limited; and
- Exchanging the remaining shares of RSA Middle East, owned by reputable Saudi shareholders, with newly issued NLGIC's shares.

RSA Middle East has more than 60 years of history and is a leading provider of property and casualty insurance in the Middle East, offering solutions for commercial and retail clients, across a range of product lines that include motor, property, medical, SME as well as tailored solutions for large corporates.

The transaction has created a diversified multi-line insurance brand across the GCC, supported by a diverse set of shareholders, wider scale and best-in-class service standards. It will add significant value to all stakeholders and result in key benefits, such as a robust and strong regional presence, the use of top-notch technologies and complimentary offerings to fuel growth. The transaction will help NLGIC to expand its customer reach in the region and bring together potential synergies between both the companies in terms of resources and technologies. The transaction also resulted in bringing new reputable Saudi shareholders to Muscat Stock Exchange (MSX). Post issue of shares, ominvest continues to be the majority shareholder with a controlling interest.

Following the acquisition, RSA ME is now a wholly owned subsidiary of National Life. RSA ME continues to hold a majority shareholding in Al Alamiya for Cooperative Insurance Company in the Kingdom of Saudi Arabia and in Al Ahlia Insurance Company SAOG in the Sultanate of Oman, in addition to having full ownership of its operations in the Kingdom of Bahrain and the United Arab Emirates. Recently, National Life also acquired the remaining 47.5% shareholding in Al Ahlia Insurance Company SAOG, making it a fully owned subsidiary. These transactions mark the start of a new era for National Life, bringing together best-in-class international solutions and expertise for both commercial and retail clients with an already established Medical and Life regional player.

- B. During the year, the Group has reassessed its accounting classification of 9.99% shareholding in Bank Muscat SAOG. Accordingly, the investment in Bank Muscat SAOG has been classified from 'Investment in Associate' to 'Investment at fair value through other comprehensive income'. The net reclassification gain at the consolidated level has been calculated in accordance with the requirement of International Financial Reporting Standards and amounted to RO 41.6m.
- C. During the year, the Group acquired an additional 31.6% stake in Takaful Oman Insurance SAOG (Takaful Oman), increasing its stake to 56.12%. As a result, the Group acquired control over Takaful Oman and the investment was reclassified from an associate to a subsidiary.
- D. During the year the Group acquired a 60% stake in National Security Services Group LLC (NSSG). Resultantly, the Group acquired control over NSSG and the investment was accounted for as a subsidiary. This investment is the first investment in the technology sector.
- E. With 100% occupancy at the ominvest Business Centre, ORIS has been focusing on the re-opening of the 18-hole golf course at Muscat Hills, acquired in October 2021. Since acquisition, the golf course has opened first Top Tracer range in Oman and is in the process of reopening all 18 holes.

Parallely, ORIS has been working on a mixed used development "La Vie" within Muscat Hills consisting of an 80-key boutique hotel, 100 service apartments, 22 apartments and 8 villas. The construction is set to start by 2nd quarter of 2023 and will be completed by 3rd quarter of 2025. In addition, ORIS continues to provide project management services to all group companies.

During 2022, the initiatives outlined above further strengthened ominvest as a highly robust institutional investor while putting in place a recurring income stream for the years ahead.

4. Key Performance Indicators

Our focus remains on delivering superior and sustainable returns to our shareholders over the long term. This can be measured by:

Dividend Distribution: Since its inception, ominvest has a track record of distributing an uninterrupted stream of dividends to its shareholders. For 2022, considering the Company's strong performance, financial and liquidity position, the Board has proposed a 105% dividend as follows:

- **15% cash dividend:** 15 bz per share amounting to **RO 10,025,481**.
- **90% perpetual bonds:** one perpetual bond of RO 1 to be issued for 11.11 ordinary shares of 100bz held. Total perpetual bonds to be issued by the company will amount to **RO 60,158,904**. These bonds will be listed on the Muscat Stock exchange and will carry an annual coupon of 5.25% and would form part of the Company's equity. These bonds will not have a fixed maturity date, however they may be callable at par at the option of the Company after 5 years from the date of issuance.

ominvest's existing 7.75% perpetual bonds amounting to RO 60.6 million have a first call date in June 2023. The new 5.25% perpetual bonds issued as a dividend will replace the existing 7.75% perpetual bonds on the call date thereby keeping the equity intact

Other indicators: Average Return on Equity for 2022 of 22%; Debt / Equity remained at 0.88; and we continued to drive operational efficiencies by maintaining a low cost / income ratio.

5. Internal Controls

ominvest has a well-established and robust internal controls system, which is commensurate with the nature of its business, size, scale and the complexity of its operations. The Company's business is conducted within a regulated controlled framework, underpinned by a delegation of authority manual, company policies and procedures.

The Board has established a management structure which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated. The Board of Directors of ominvest plays an active role in policy formulation and in ensuring that a system of Internal Controls provides reasonable assurance of effective operations, internal financial controls, and compliance with the applicable Laws and Regulations. The Audit, Compliance and Risk Committee periodically reviews the adequacy and effectiveness of internal control systems and provides guidance for further strengthening them.

The business performance of the Company is monitored regularly by the Management and the Board. Performance trends, actual performance against budgets and prior periods and forecasts are closely monitored. Company financials are prepared using appropriate accounting policies fully in compliance with IFRS.

6. Risk Management

ominvest has established a robust risk management framework based on the 'three lines of defence' model and a risk culture that is integrated into the overall business process and decision making. There is also a dedicated Risk Management department that independently monitors the risk universe to provide risk assurance and advisory.

ominvest is cognizant of the risks associated with its business activities and takes proactive action to remediate and manage risks. For example, through its Board participation in investee companies, ominvest is able to proactively manage investment risks.

ominvest recognises that funding and liquidity are essential to sustaining its business operations and manages this by ensuring adequate funding arrangements are in place with multiple lenders and by carefully managing its assets and liabilities maturity profile.

ominvest manages its interest rate risk by negotiating fixed rates and hedging where appropriate, in addition to maintaining a well-diversified borrowings profile with a well-balanced assets and liabilities maturity profile.

Regular risk updates and assurances are provided to the Audit, Compliance and Risk Committee, as part of a robust risk governance structure and process.



AbdulAziz Mohammed Al Balushi
Group CEO

FINANCIAL STATEMENTS





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Independent auditors' report

To the Shareholders of Oman International Development and Investment Company SAOG

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oman International Development and Investment Company SAOG ("the Parent Company") and its subsidiaries, ("the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Parent Company as at 31 December 2022, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 Auditors' Responsibilities for the *Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Parent Company and the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Continued on page 7

Key Audit Matters (continued)

Valuation of insurance contract liabilities

Refer to note 3.6, 3.7 and 8 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Valuation of insurance contract liabilities involves significant judgement and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred but have not yet been reported ("IBNR") to the Group. IBNR is calculated by an independent qualified external actuary for the Group.</p> <p>Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on consolidated profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business.</p> <p>The valuation of these liabilities depends on accurate data about the volume, amount, and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.</p>	<p>Our audit procedures supported by our actuarial specialists included:</p> <ul style="list-style-type: none"> – evaluating and testing of key controls around the claims handling and case reserve setting processes of the Group. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and consider if the amount recorded in the separate and consolidated financial statements is valued appropriately; – obtaining an understanding of and assessing the methodology and key assumptions applied by the management. Independently re-projecting the liabilities balance for certain classes of business; – assessing the experience and competence of the Group's actuary and degree of challenge applied through the reserving process; – checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; and – assessing the Group's disclosure in relation to these liabilities including claims development table is appropriate.

Continued on page 8

Key Audit Matters (continued)

Recoverability of insurance and reinsurance receivables

Refer to notes 3.6, 3.7 and 7 of the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group has significant insurance and reinsurance receivables on written premium policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> – evaluating and testing key controls over the processes designed to record and monitor insurance and reinsurance receivables; – testing the ageing of insurance and reinsurance receivables to assess if these have been accurately determined. Testing samples of long outstanding insurance and reinsurance receivables where no impairment allowance is made with the management's evidences to support the recoverability of these balances; – obtaining balance confirmations from a sample of counterparties such as policyholders, insurance companies and brokers; – verifying payments received from such counterparties post year-end; – considering the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on period overdue, existence of any disputes over the balance outstanding, history of settlement of receivables, liabilities with the same counterparties; and — discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance.

Continued on page 9

Key Audit Matters (continued)

Impairment of investment in equity accounted investees

Refer to note 3.8 and 10 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The carrying value of the Group's equity accounted investees (associates) amounted to RO 157 million (RO 136 million of the Parent Company), representing 12% of the Group's total assets (20% of the Parent Company's total assets) as at 31 December 2022.</p> <p>The assessment of indicators for impairment against the carrying value of the Group's equity accounted investees, where such indicators exist, and the determination of the recoverable amounts (higher of value in use and fair value less cost to sell) requires the management to exercise significant judgement. In particular, the determination of value in use requires the management to estimate forecasted revenues, growth rates, profit margins and discount rates for each of the relevant investment.</p> <p>Given the complexity and judgement required for assessment of impairment indicators and determination of recoverable amounts where such indicators exist, we have considered this to be a key audit matter.</p> <p>Management has assessed the existence of impairment indicators against each of the equity accounted investees as at the reporting date. Further, when required, the management has performed an exercise to determine the estimated recoverable amount and recorded an impairment allowance when such recoverable amount is lower than the carrying value of the investment.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> – enquiring and evaluating management's assessment of impairment indicators for each of the equity accounted investees by reference to the available information in the relevant markets and industries; – where such indicators of impairment exist, obtaining and reviewing the impairment assessment performed by the management to determine the recoverable amount. In addition, checking the investee's historical performances and discussing with management to understand their assessment of the future performance of the investee; and – assessing the adequacy of the disclosures in the consolidated and separate financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's report, Management Discussion and Analysis Report and Corporate Governance report, which we obtained prior to the date of this auditors' report, and the published 2022 Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Continued on page 10

Other Information (continued)

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' 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.

When we read the published 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Standards, and their preparation in compliance with the relevant disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and Parent 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 Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and separate 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 consolidated and separate 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 the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

Continued on page 11

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- 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 Group's and the Parent 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 auditors' report to the related disclosures in the consolidated and separate 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 auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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.

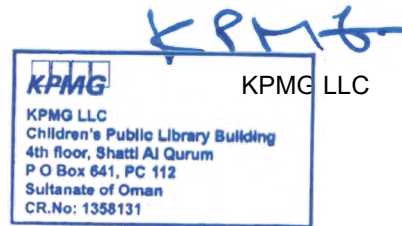
Continued on page 12

Report on Other Legal and Regulatory Requirements

Further, we report that the financial statements of the Parent Company as at and for the year ended 31 December 2022, comply, in all material respects, with the:

- relevant disclosure requirements of the Capital Market Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

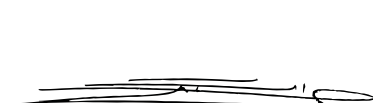
Kenneth Macfarlane
14 March 2023



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	Group		Parent Company	
		2022 (RO'000)	2021 (RO'000)	2022 (RO'000)	2021 (RO'000)
Assets					
Balances with banks and money at call	5	83,618	46,493	16,122	23,846
Deposits with banks	6	166,584	52,643	5,287	5,000
Premium and reinsurance balances receivable	7	98,225	49,383	-	-
Re-insurance share in insurance funds	8	61,040	17,515	-	-
Investment securities	9	568,562	208,246	5,421	5,227
Investments in associates	10	157,463	341,363	136,351	147,138
Investments in subsidiaries	11	-	-	414,421	338,144
Due from subsidiaries	12	-	-	92,992	119,733
Other assets	13	60,062	30,715	2,850	3,604
Investment properties	14	9,709	8,587	2,000	2,100
Property and equipment	15	27,573	22,883	805	830
Intangible assets	16	50,801	20,737	-	-
Total assets		1,283,637	798,565	676,249	645,622
Equity and liabilities					
Equity					
Share capital	17	66,837	66,837	66,837	66,837
Share premium	19	5,778	5,778	5,778	5,778
Legal reserve	20	22,279	22,279	22,279	22,279
Other non-distributable reserves	21	12,190	7,801	12,190	7,801
Cumulative changes in fair value reserve		68	(14,090)	2,519	(11,684)
Retained earnings		137,225	124,080	137,436	122,420
Equity attributable to equity holders of the Parent Company		244,377	212,685	247,039	213,431
Perpetual bonds/sukuks	18	111,631	81,188	112,638	112,638
		356,008	293,873	359,677	326,069
Non-controlling interests	22	82,449	20,968	-	-
Total equity		438,457	314,841	359,677	326,069
Liabilities					
Bank borrowings	23	493,133	349,556	285,496	280,160
Insurance funds	8	214,734	85,969	-	-
Other liabilities	24	130,363	46,777	30,039	38,954
Taxation	25	6,950	1,422	1,037	439
Total liabilities		845,180	483,724	316,572	319,553
Total equity and liabilities		1,283,637	798,565	676,249	645,622
Net assets per share (RO)	26	0.366	0.318	0.370	0.319

The financial statements were authorised for issue by the Board of Directors on 27 February 2023 and signed by:



Khalid Muhammad AlZubair
Chairman



Shiekh Khalid Abdullah Al Khalili
Deputy Chairman



Abdul Aziz M. Al Balushi
Group CEO

The attached notes 1 to 45 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group		Parent Company	
		2022 (RO'000)	2021 (RO'000)	2022 (RO'000)	2021 (RO'000)
Gross premium earned	27	238,269	140,750	-	-
Interest income	28	7,621	5,783	6,135	7,632
Investment income/loss – net	29	58,199	12,338	(9,800)	4,991
Fee and commission income		8,014	6,708	-	-
Other operating income	30	3,703	3,859	293	1,245
Share of results of subsidiaries	11	-	-	71,649	31,576
Share of results of associates	10	21,161	29,136	8,631	5,230
Total revenues		336,967	198,574	76,908	50,674
Premium ceded to re-insurers	27	(47,633)	(23,372)	-	-
Net claims incurred	8	(146,346)	(92,617)	-	-
Fee and commission expenses		(22,229)	(12,214)	-	-
Interest expense	31	(20,123)	(15,518)	(16,134)	(15,398)
Operating expenses	32	(49,866)	(24,708)	(10,314)	(4,616)
Total expenses		(286,197)	(168,429)	(26,448)	(20,014)
Profit before tax		50,770	30,145	50,460	30,660
Income tax	25	(1,401)	(1,286)	(598)	200
Profit for the year		49,369	28,859	49,862	30,860
Profit / (loss) for the year attributable to:					
Equity holders of the Parent Company		50,000	27,000	49,862	30,860
Non-controlling interests		(631)	1,859	-	-
		49,369	28,859	49,862	30,860
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	34	0.063	0.034	0.062	0.032
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Cash flow hedges – effective portion of change in fair value		2,834	637	2,834	637
Changes in fair value of debt instruments at fair value through other comprehensive income		(1,025)	(670)	(961)	(629)
Exchange differences on translation of foreign operations		(13)	(7)	(13)	(7)
<i>Items that will not be reclassified to profit or loss:</i>					
Changes in fair value of equity instruments at FVOCI and share of OCI from equity accounted investee– net of tax		14,302	1,037	14,231	6,423
Other comprehensive income for the year		16,098	997	16,091	6,424
Total comprehensive income for the year		65,467	29,856	65,953	37,284
Total comprehensive income / (expense) for the year attributable to:					
Equity holders of the Parent Company		66,046	27,801	65,953	37,284
Non-controlling interests		(579)	2,055	-	-
		65,467	29,856	65,953	37,284

The attached notes 1 to 45 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY

Group	Share capital RO'000	Share premium RO'000	Treasury shares RO'000	Legal reserve RO'000	Other Non-distributable reserves RO'000	Cumulative changes in fair value reserve RO'000	Retained earnings RO'000	Attributable to equity holders RO'000	Perpetual bonds / sukuks RO'000	Sub-total RO'000	Non-controlling interests RO'000	Total RO'000
At 1 January 2021	80,777	43,838	(58,580)	19,859	5,641	(13,155)	132,766	211,146	52,098	263,244	21,268	284,512
Profit for the year	-	-	-	-	-	-	27,000	27,000	-	27,000	1,859	28,859
Other comprehensive income for the year	-	-	-	-	630	171	-	801	-	801	196	997
Total comprehensive income for the year	-	-	-	-	630	171	27,000	27,801	-	27,801	2,055	29,856
Issue of perpetual sukuk	-	-	-	-	-	-	-	-	52,000	52,000	-	52,000
Issue expenses	-	-	-	-	-	-	(400)	(400)	-	(400)	-	(400)
Reduction of share capital through cancellation of treasury shares	(13,940)	(38,060)	58,580	-	-	-	(6,580)	-	-	-	-	-
Perpetual bond / sukuks transactions by subsidiaries	-	-	-	-	-	-	-	-	(22,910)	(22,910)	-	(22,910)
Dividend paid relating to 2020	-	-	-	-	-	-	(20,194)	(20,194)	-	(20,194)	(2,329)	(22,523)
Dividend paid on treasury shares	-	-	-	-	-	-	3,485	3,485	-	3,485	-	3,485
Interest paid on perpetual bonds	-	-	-	-	-	-	(4,484)	(4,484)	-	(4,484)	-	(4,484)
Transfer to / from retained earnings	-	-	-	2,420	1,599	(1,106)	(2,913)	-	-	-	-	-
Share of equity accounted investee companies	-	-	-	-	(69)	-	(4,600)	(4,669)	-	(4,669)	(26)	(4,695)
At 31 December 2021	66,837	5,778	-	22,279	7,801	(14,090)	124,080	212,685	81,188	293,873	20,968	314,841
At 1 January 2022	66,837	5,778	-	22,279	7,801	(14,090)	124,080	212,685	81,188	293,873	20,968	314,841
Profit for the year	-	-	-	-	-	-	50,000	50,000	-	50,000	(631)	49,369
Other comprehensive income for the year	-	-	-	-	2,821	13,225	-	16,046	-	16,046	52	16,098
Total comprehensive income for the year	-	-	-	-	2,821	13,225	50,000	66,046	-	66,046	(579)	65,467
Perpetual bonds / sukuks transactions by subsidiaries	-	-	-	-	-	-	-	-	24,443	24,443	-	24,443
Related to acquisition of subsidiaries	-	-	-	-	-	-	(2,775)	(2,775)	6,000	3,225	62,413	65,638
Perpetual bond interest / sukuk profit paid	-	-	-	-	-	-	(7,823)	(7,823)	-	(7,823)	(111)	(7,934)
Dividend paid relating to 2021 (note 43)	-	-	-	-	-	-	(20,051)	(20,051)	-	(20,051)	(242)	(20,293)
Transfer to / from retained earnings	-	-	-	-	1,568	83	(1,651)	-	-	-	-	-
Share of equity accounted investee companies	-	-	-	-	-	850	(4,555)	(3,705)	-	(3,705)	-	(3,705)
At 31 December 2022	66,837	5,778	-	22,279	12,190	68	137,225	244,377	111,631	356,008	82,449	438,457

The attached notes 1 to 45 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Parent Company	Share capital	Share premium	Legal reserve	Other non-distributable reserves	Cumulative changes in fair value reserve	Retained earnings	Sub-total	Perpetual bonds / sukus	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
At 1 January 2021	80,777	43,838	19,859	5,641	(23,004)	130,998	258,109	60,638	318,747
Profit for the year	-	-	-	-	-	30,860	30,860	-	30,860
Other comprehensive income for the year	-	-	-	630	5,794	-	6,424	-	6,424
Total comprehensive income for the year	-	-	-	630	5,794	30,860	37,284	-	37,284
Issue of perpetual sukuk	-	-	-	-	-	-	-	52,000	52,000
Issue expenses	-	-	-	-	-	(400)	(400)	-	(400)
Reduction in share capital	(13,940)	(38,060)	-	-	-	-	(52,000)	-	(52,000)
Perpetual bond interest paid	-	-	-	-	-	(4,699)	(4,699)	-	(4,699)
Dividend paid relating to 2020	-	-	-	-	-	(20,194)	(20,194)	-	(20,194)
Transfer to / from retained earnings	-	-	2,420	1,599	5,526	(9,545)	-	-	-
Share of equity accounted investee companies	-	-	-	(69)	-	(4,600)	(4,669)	-	(4,669)
At 31 December 2021	66,837	5,778	22,279	7,801	(11,684)	122,420	213,431	112,638	326,069
At 1 January 2022	66,837	5,778	22,279	7,801	(11,684)	122,420	213,431	112,638	326,069
Profit for the year	-	-	-	-	-	49,862	49,862	-	49,862
Other comprehensive income for the year	-	-	-	2,821	13,270	-	16,091	-	16,091
Total comprehensive income for the year	-	-	-	2,821	13,270	49,862	65,953	-	65,953
Perpetual bond interest / sukuk profit paid	-	-	-	-	-	(8,383)	(8,383)	-	(8,383)
Dividend paid relating to 2021 (note 43)	-	-	-	-	-	(20,051)	(20,051)	-	(20,051)
Transfer to / from retained earnings	-	-	-	1,568	83	(1,651)	-	-	-
Share of equity accounted investee companies	-	-	-	-	850	(4,761)	(3,911)	-	(3,911)
At 31 December 2022	66,837	5,778	22,279	12,190	2,519	137,436	247,039	112,638	359,677

The attached notes 1 to 45 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group		Parent Company	
		2022 (RO'000)	2021 (RO'000)	2022 (RO'000)	2021 (RO'000)
Operating activities					
Profit before tax		50,770	30,145	50,460	30,660
<i>Adjustments for:</i>					
Depreciation on property and equipment	32	2,183	1,321	137	152
Amortization of intangible assets	32	1,061	1,058	310	575
Share of results of associates	10	(21,161)	(29,136)	(8,631)	(5,230)
Share of results of subsidiaries	11	-	-	(71,649)	(31,576)
Profit on transfer of associate to FVTOCI, net of provision	29	(48,239)	(4,289)	9,911	(4,289)
(Gain) / loss on sale of assets and on investment property	29	556	(675)	100	-
Change in the fair value of financial assets at fair value through profit or loss	29	1,547	(576)	255	(223)
Profit on sale of investments	29	1,396	(991)	372	(259)
Income from amortised cost investments	29	(5,377)	(1,995)	-	-
		<u>(17,264)</u>	<u>(5,138)</u>	<u>(18,735)</u>	<u>(10,190)</u>
Changes in operating assets and liabilities					
Investment securities		(64,219)	(61,732)	(840)	259
Due from subsidiaries		-	-	26,741	(2,189)
Other assets		5,318	(16,498)	1,798	(2,086)
Premiums and insurance balances receivables		(10,557)	(6,227)	-	-
Re-insurance share in insurance funds		(4,695)	(1,340)	-	-
Insurance funds		(1,306)	11,256	-	-
Other liabilities		27,606	3,859	(8,916)	33,232
Cash (used in) / generated from operations		<u>(65,117)</u>	<u>(75,820)</u>	<u>48</u>	<u>19,026</u>
Tax paid		(1,537)	(2,853)	-	-
Net cash (used in) / generated from operating activities		<u>(66,654)</u>	<u>(78,673)</u>	<u>48</u>	<u>19,026</u>
Investing activities					
Investment in associates		-	(3,176)	-	-
Investment in subsidiaries		(40,418)	-	(2,993)	(28,874)
Dividend received from associates	10	13,687	10,475	1,498	1,124
Dividend received from subsidiaries	11	-	-	14,940	16,772
Capital expenditure on investment property	14	(1,821)	(1,704)	-	-
Gain on disposal of an associate	10	(444)	-	820	-
Disposal of associate investment	10	12,784	-	1,460	-
Proceeds from disposal of assets and investment property		599	4,930	-	-
Acquisition of intangible assets		(29,492)	-	-	-
Additions to property and equipment	15	(12,978)	(11,729)	(112)	(13)
Net cash (used in) / from investing activities		<u>(58,083)</u>	<u>(1,204)</u>	<u>15,613</u>	<u>(10,991)</u>
Financing activities					
Bank borrowings (net)		137,423	47,086	5,336	(22,310)
Perpetual sukuk issue expenses		-	(400)	-	(400)
Payment related to perpetual bonds through equity		(7,943)	(4,484)	(8,383)	(4,699)
Deposits withdrawn / (made)		8,244	(10,904)	(287)	(5,000)
Addition of NCI		20,249	-	-	-
Addition to perpetual bonds		6,000	-	-	-
Disposal of perpetual bonds / sukuk by a subsidiary		24,443	29,090	-	-
Dividends paid		(20,293)	(19,038)	(20,051)	(20,194)
Net cash generated from / (used in) financing activities		<u>168,123</u>	<u>41,350</u>	<u>(23,385)</u>	<u>(52,603)</u>
Net change in cash and cash equivalents		<u>43,386</u>	<u>(38,527)</u>	<u>(7,724)</u>	<u>(44,568)</u>
Cash and cash equivalents at the beginning of the year	5	46,636	85,163	23,846	68,414
Cash and cash equivalents at the end of the year	5	<u>90,022</u>	<u>46,636</u>	<u>16,122</u>	<u>23,846</u>

The attached notes 1 to 45 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Oman International Development and Investment Company SAOG ('the Company' or 'the Parent Company' or "ominvest") is incorporated in the Sultanate of Oman as a public joint stock. The Parent Company was incorporated on 11 September 1983. The Parent Company's shares are listed on the Muscat Securities Market. The principal activities of the Parent Company is primarily engaging in investment related activities.

The Parent Company and its subsidiaries (together referred as Group) has investments in associates and subsidiaries as disclosed in notes 10 and 11 respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), the requirements of the Commercial Companies Law of 2019 and the disclosure requirements of the Capital Market Authority of the Sultanate of Oman.

These consolidated and separate financial statements for the year ended 31 December 2022 comprise the Parent Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The consolidated and separate financial statements are collectively referred to as "the financial statements".

The Group presents its statement of financial position in descending order of liquidity, as this presentation is more appropriate to the Group's operations.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, investment properties, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI) which have been measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Omani Rials ("RO"), which is the Group's functional and presentation currency, rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 3.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

2.5 New and amended standards and interpretations to IFRS relevant to the Group

For the year ended 31 December 2022, the Group and the Parent Company has adopted all of new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2022.

2.6 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new and amended standards in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.6 New standards and interpretations not yet adopted (continued)

The Group will apply IFRS 17 for the first time on 1 January 2023. This standards will bring significant changes to the accounting for insurance and reinsurance contracts and is expected to have a material impact on the Group financial statements in the period of initial application.

i. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. The Group expects to first apply IFRS 17 on 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

ii. Other standards

The following new and amended standards are not expected to have a significant impact on the Group's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (Effective Date: 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Effective Date: 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (Effective Date: 1 January 2023)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (Effective Date: 1 January 2024)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (Effective Date: 1 January 2024)

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.7.1 Basis of consolidation

The financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2022. The control is achieved, when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group.

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee that significantly affect their returns);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the investee's returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.1 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of subsidiaries, without a loss of control, is accounted for as an equity transaction. If the Group loses control over subsidiaries, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiaries
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

In the Parent Company's separate financial statements, the investment in the subsidiaries are accounted for using equity method of accounting.

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.1 Basis of consolidation (continued)

Investment in associates (continued)

Under the equity method, the investment in associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement profit or loss reflects the Group's / Parent's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Dividend received or receivable from associates are recognised as a reduction in the carrying amount of the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of profit or loss. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impairment loss in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Parent Company's separate financial statements, the investment in the associates are accounted for using equity method.

2.7.2 Financial instruments

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.2 Financial instruments (continued)

Financial assets - Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and

Contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis;
- The liabilities are part of a group of financial liabilities which are managed, and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.2 Financial instruments (continued)

Subsequent measurement and gain or losses

Financial assets

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Any gain or loss on recognition is recognized in statement of profit or loss.

Financial assets at fair value through other comprehensive income

a) Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in the statement of other comprehensive income. On recognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the statement of profit or loss.

b) Equity instruments

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on recognition is also recognized in the statement of profit or loss.

Reclassification

Financial assets

The Group only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

The Group determines that its business model has changed in a way that is significant to its operations, than it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Financial liabilities

The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.2 Financial instruments (continued)

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group and the Parent Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in recognition of the financial asset. In this case, the Group and the Parent Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of profit or loss.

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been derecognized in the statement of other comprehensive income is recognized in the statement of profit or loss.

Any cumulative gain / loss recognized in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognized in the statement of profit or loss on derecognition of such instrument.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.2 Financial instruments (continued)

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Where 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 recognized in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

IFRS 9 introduced forward-looking 'expected credit loss' ('ECL') model. This requires considerable judgement about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost.

Measurement of loss allowances

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For stage 3 financial instruments, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

Provisions for credit-impairment on loan and advances of a banking subsidiary are recognised in the statement of profit or loss and are reflected in an allowance account against loans and advances.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Group recognises an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments, the Group recognises the lifetime ECL.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.2 Financial instruments (continued)

Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The term 'significant increase in credit risk' is not defined in IFRS 9. An entity decides how to define it in the context of its specific types of instruments. An entity assesses at each reporting date whether the credit risk on a financial instrument has increased significantly since initial recognition. To make the assessment, an entity considers changes in the risk of default instead of changes in the amount of expected credit losses.

An entity assesses whether there has been a significant increase in credit risk at each reporting date. The impairment model in IFRS 9 is symmetrical, and assets can move into and out of the lifetime expected credit losses category. To be 'significant', a larger absolute increase in the risk of default is required for an asset with a higher risk of default on initial recognition than for an asset with a lower risk of default on initial recognition.

Measurement of loss allowances (continued)

The Group assumes that the credit risk on a financial asset has significantly increased since initial recognition and while estimating expected credit loss, when there is objective evidence or indicator for the financial assets. Examples of such indicators include:

- Significant financial difficulty of the borrower or issuer;
- Delinquency by borrower;
- Restructuring of an amount due to the terms that the Group would not consider otherwise, indications that a borrower or issuer will enter bankruptcy;
- The disappearance of an active market for a security (if any); or
- If it past due for more than 30 days.

IFRS 9 does not define the term 'default', but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument and has to consider qualitative indicators – e.g. breaches of covenants – when appropriate.

The Group considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Group in full (based on indicator above), without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.

Lifetime expected credit losses

These losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

These losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk. An asset is credit-impaired if one or more events have actually occurred and have a detrimental impact on the estimated future cash flows of the asset.

Expected credit losses are a probability-weighted estimate of credit losses.

Financial assets that are credit-impaired at the reporting date

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognized in statement of profit or loss as an impairment gain or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.2 Financial instruments (continued)

Presentation of expected credit losses

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

Write – off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.7.3 Fair value measurement principles

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.3 Fair value measurement principles (continued)

At each reporting date, the Group and the Parent Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.7.4 Perpetual bonds

Perpetual Tier 1 Capital Securities of the Group are recognised under equity and the corresponding distribution on those instruments are accounted as a debit to retained earnings. The Tier 1 securities constitute direct, unconditional, subordinated and unsecured obligations of the Group and are classified as equity in accordance with IAS 32: Financial Instruments. The Tier 1 securities do not have a fixed redemption or final maturity date and is redeemable by the Group at its sole discretion on the first call date or thereafter on any interest payment date.

2.7.5 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Rial Omani which is the currency of the primary economic environment in which the Group operates (the functional currency). These financial statements are presented in Rial Omani, which is the Group's and the Parent's functional and presentation currency.

Transactions and balances

- a) Transactions in foreign currencies are translated into Rial Omani at exchange rates ruling at the value dates of the transactions.
- b) Monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Rial Omani at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.
- c) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Rial Omani at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income, are included in other comprehensive income.
- d) The assets and liabilities of foreign operations are translated into Rial Omani at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in other comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.6 Investment properties

Investment properties comprises land and buildings that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment property is measured initially at cost including transaction costs. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. If the entity determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, then the entity measures that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the statement of profit or loss in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset. 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 entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.7.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold building	- 25 - 40 years
Leasehold buildings	- up to 25 years
Furniture, fixtures and equipment	- up to 10 years
Equipment and Motor vehicles	- up to 5 years
Plant and machinery	- up to 10 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss.

Projects work-in-progress

Projects work-in-progress is recognised at cost and not depreciated. The carrying values of projects work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Hospital network	15 years
License	6 years
Others	2 - 10 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.7.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities up to three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

2.7.11 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision is made where necessary for slow-moving stock, damaged or obsolete items.

2.7.12 Share capital

Ordinary shares

Shares are classified as equity when there is no obligation to transfer cash or other assets. Increment costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is adjusted in the equity.

2.7.13 Net assets value per share

The Group and the Parent presents net asset value per share for its ordinary shares. At Group level, net assets value per share is calculated by dividing net assets value attributable to parent shareholders by the ordinary shares excluding the treasury shares issued at year end. At Parent level, net assets value per share is calculated by dividing net assets value attributable to parent shareholders by the ordinary shares issued at year end.

2.7.14 Taxation

Income tax expense comprises current and deferred tax. Taxation is provided in accordance with Omani fiscal regulations.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.14 Taxation (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.7.15 Employees' end of service benefits

End of service benefits are accrued in accordance with the terms of employment at the reporting date, having regard to the requirements of the Oman Labour Law, as amended. The obligation is calculated using the projected unit credit method and is discounted to its present value using current market assessment of time value of money. Employee entitlements to annual leave and leave passage are recognised when these accrue to the employees.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law are recognised as an expense in the statement of profit or loss as incurred.

2.7.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.7.17 Revenue recognition

The Group recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.17 Revenue recognition (continued)

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation. The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Parent and respectively has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Variable consideration

Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Group evaluates significant financing component, if the period between customer payment and the transfer of goods / services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Contract modification

A contract modification occurs when the Group and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognized until it is approved. Approval can be in writing, oral, or implied by customary business practices. The Group treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtaining and fulfilment

The Group capitalizes incremental costs to obtain a contract with a customer except if the amortization period for such costs is less than one year.

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Group recognizes an asset only if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.17 Revenue recognition (continued)

- Are expected to be recovered.
- If the costs incurred to fulfil a contract are in the scope of other guidance, then Group and the Parent accounts for such costs using the other guidance.

The Group amortizes the asset recognized for the costs to obtain and fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Group recognizes these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

a) Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue at the time policies are written or at the time the fees are charged, which is generally at the time when the policies are written.

b) Management fees

Management fees on management of funds are recognised over the year of management.

c) Advisory and consultancy fee income

Income from advisory and consultancy services is recognised in accordance with the terms of agreement, concluded with the customers.

d) Dividend income

Dividend income is recognised when the right to receive payment is established.

e) Life business

Premiums are taken into income over the term of the policies to which they relate. Unearned premiums represent the proportion of premiums written relating to periods of insurance subsequent to the reporting date. For short term policies, premiums are pro-rated by reference to the unexpired term of cover. An appropriate actuarial reserve is determined by the appointed independent actuary following their annual investigation of the life fund and is calculated initially on a statutory basis to comply with the reporting requirements under the Insurance Companies Law, as amended.

In addition, provision is made where necessary for any further loss expected to arise on unexpired risks after taking into account future investment income on related insurance funds, to cover anticipated liabilities arising from existing contracts.

f) General business

Premiums are taken into income over the terms of the policies. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage.

g) Rental and leasing Income

Rental and leasing income arising from operating leases on investment properties is accounted on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

h) Sale of goods

The revenue is recognised when the goods are delivered to the customer and are accepted by the customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.18 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and the Parent Company and accordingly are shown as off-balance sheet items in these financial statements.

2.7.19 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value adjustments are recorded in the statement of profit or loss. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group designates certain derivative as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. At inception of designated relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also determines the economic relationships between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group and the Parent Company holds derivative financial instruments to hedge its interest rate risk exposures.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

2.7.20 Financial guarantees contracts

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the beneficiary for a loss incurred because the debtor fails to make payments when due, in accordance with the terms of the debt. Such guarantees are given to banks, financial institutions or other entities on behalf of the customers.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was issued. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of initial measurement, less amortisation calculated to recognise in the statement of comprehensive income the fee income earned on the straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the profit or loss.

2.7.21 Dividends

Dividend distribution to the Parent Company's shareholders is recognised as a liability in these financial statements in the period in which the dividends are approved by the Parent company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.22 Directors' remuneration

The Directors' remuneration is governed as set out in the Articles of Association of the Parent Company, the Commercial Companies Law of the Sultanate of Oman and regulations issued by the Capital Market Authority.

2.7.23 Earnings per share

The Group and the Parent Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Parent Company by the weighted average number of ordinary shares outstanding adjusted for treasury shares during the period.

2.7.24 Insurance contracts

a) Classification

The Group issues contracts that transfer insurance risk and classifies contracts as insurance contracts when these transfer significant insurance risk. Such contracts may also transfer financial risk.

The Group classifies investment contracts as those contracts that transfer financial risk with no significant insurance risk.

The Group issues certain insurance contracts which contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the company; and
- that are contractually based on the surplus generated on a specified pool of contracts.

There are no local statutory regulations which set out the bases for the determination of the amounts on which the additional discretionary benefits are based, the amounts payable being determined by the subsidiary company's board of directors on an annual basis.

b) Recognition and measurement

Life and medical insurance contracts are classified into five main categories. In addition, the Group writes short term individual medical and personal accident policies.

i) Individual life policies

These consist of the following types of policies:

- a) With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premium receivables of policies which have not lapsed. Benefits are recorded as an expense when they are incurred. Each policy has a defined benefit amount payable which is guaranteed. Apart from this reversionary and terminal bonus are declared by the Group from time to time based on the profitability of the individual life portfolio. Reversionary bonuses convert into guaranteed benefits once declared and a certain minimum level of bonus is guaranteed for certain policies.

The actuarial / mathematical reserve for such policies is determined on a net premium basis by determining the present value of benefits less the present value of future net premiums, a theoretical net premium being calculated using conservative assumptions for mortality and discounting and an adjustment to recognise acquisition costs. For paid up policies, a provision for expenses required to maintain policies is also made. The Group also performs a liability adequacy test to ensure that the reserve set aside is not less than the liability determined as the sum of the expected discounted value of the benefit payments, commissions payable and the future administration expenses that are directly related to the contract, less the expected discounted value of premiums that are receivable (making realistic assumptions as to mortality, persistency and maintenance expenses and using a discount rate inherent in the pricing of fixed income securities held by the Group).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.24 Insurance contracts (continued)

b) Recognition and measurement (continued)

- b) Term assurance where the benefits are payable only in the event of death of the insured. These include policies where the insured amount is constant throughout the term of the policy and decreasing term assurance policies where the sum assured reduces at a pre-decided rate every year. The premium is paid either over the term of the policy or as a single premium. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premiums receivables of policies which have not lapsed. These are without profit policies.

For single premium policies, the actuarial / mathematical reserve is determined as the discounted value of expected future claims as well as expenses which are expected to be incurred in administering the policies. For regular premium policies, the actuarial / mathematical reserve is determined on a net premium basis along the same lines as conventional with profits policies.

ii) Individual credit life policies

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institution for their outstanding loan from the customer. These contracts protect the financial institutions from the consequences of events (such as death or disability) that would affect on the ability of the customer to repay his outstanding loan. These are without profit policies.

These contracts are issued for the duration of loans with the insurance premium being received as a single premium. Further amounts are received if and when loans are topped up. Similarly, refunds are allowed in case of pre-closure or change in terms of the loan.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Claims are charged to consolidated statement of profit or loss as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported.

iii) Group life policies

These are short term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Group's customers (the employer) from the consequences of events (such as death or disability) that would effect on the ability of the employee or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the customer. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are disclosed before deduction of commission and excluding taxes levied on premiums.

Claims are charged to consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to policyholders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

As indicated above, an unexpired risk reserve is set up at the valuation date for premiums which are deemed to be earned in future periods. The Group also tests whether the liability so set up is adequate to meet expected future claims.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.24 Insurance contracts (continued)

b) Recognition and measurement (continued)

iv) Group medical policies

These are short term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Group's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalisation and out-patient expenses. The bulk of hospital claims are disbursed directly by the Group to healthcare providers. There are no maturity or surrender benefits for these policies.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are shown before deduction of commission and excluding taxes levied on premiums.

Claims are charged to consolidated statement of profit or loss as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

As indicated above an unexpired risk reserve is set up at the valuation date for premiums which will deem to be earned in future periods. The Group also tests whether the liability so set up is adequate to meet expected future claims.

v) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the Group's customers (financial institutions) from the consequences of events (such as death or disability) that would effect on the ability of the customer's borrowers to repay outstanding loans. These are without profit policies.

These contracts are issued on two basis:

- For the duration of loans with the insurance premium being received as a single premium. Further premiums are received if and when loans are topped up.
- Short term contracts covering the risk for a year at a time, with premiums being determined and paid monthly on outstanding balances.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Monthly premiums are recognised upon declaration by financial institutions of the amount payable. As such, premiums are usually recognised once they have been fully earned and no unearned premium reserve is determined to be necessary. The Group does, however, at the end of the year, evaluate the profitability of the portfolio to determine if any premium deficiency reserve is required.

Claims are charged to consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

Liability adequacy test

The Group carries out a liability adequacy test to ensure the adequacy of contract liabilities as set out in the financial statements. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. The results of the tests indicate that the liability recognised is adequate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.24 Insurance contracts (continued)

General insurance contracts

For general insurance contracts, premiums are taken into income over the terms of the policies. Unexpired risk reserve represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is recognised in the statement of profit or loss in order that revenue is recognised over the period of risk.

Unexpired risk reserve is calculated based on 1/365 method for all classes of business. Acquisition costs and reinsurance commissions are recognised as expenses or income over the period of the policy by deferring it using 1/365 method.

Estimates have to be made for both the expected ultimate costs of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date are made on the basis of individual case estimates. In addition, a provision based on the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date.

Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the accounting year in which the change in provision or settlement is made.

Allowances in claims liability

Some insurance contracts permit the company to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required in settling a claim (i.e. salvage). The subsidiary may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of excess, depreciation, salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in outstanding claims when the liability is accrued. The allowance for salvage is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

Reinsurance contracts held

In order to protect itself against adverse experience, the Group has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Group. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily reinsurance premiums payable for reinsurance contracts and are recognised as an expense when incurred and continues to be part of the reinsurance liabilities until they are settled as per the terms of the reinsurance contract.

The Group assesses its reinsurance assets for impairment on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.25 Premiums and insurance balances receivable

Premiums and insurance balances receivable are initially recognised at fair value and subsequently are stated at amortised cost using the effective interest method less impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the subsidiary will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.7.26 Loans to policyholders

Loans to policyholders are stated at cost, less any amounts written off and allowance for impairment, if any.

2.7.27 Deferred acquisition costs and commission income

Deferred acquisition costs (DAC)

Direct and indirect costs incurred during the financial period arising from the writing of long term life insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums and are amortised on a straight line basis over the tenor of the insurance contract.

Direct and indirect costs incurred for writing short term life and medical insurance contracts are deferred and this is built into the 'unexpired risk reserve' shown in the consolidated statement of financial position.

Deferred acquisition costs (DAC) (continued)

Acquisition costs for writing of general insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, these costs are amortised over the period of the policy (generally one year) using 1/365 method and are built into the 'unexpired risk reserve' shown in the statement of financial position.

Amortisation is recorded in the consolidated statement of profit or loss. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period and is treated as a change in an accounting estimate.

Deferred reinsurance commission incomes (DCI)

Commission incomes attributable to the unexpired reinsurance ceded premiums for short time life and medical are deferred and it is built into "reinsurers' share of unexpired risk reserve" in the consolidated statement of financial position.

Commission incomes attributable to the unexpired reinsurance ceded premiums for general insurance are deferred to the extent that these are recoverable out of future ceded premiums. Subsequent to initial recognition, these incomes are amortised over the period of the policy (generally one year) using 1/365 method and are built into "reinsurers' share of unexpired risk reserve" in the consolidated statement of financial position.

2.7.28 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.28 Business combination (continued)

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7.29 Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or,
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. All notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

2.7.30 Segment reporting

An operating segment is a component of the Group and the Parent Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transaction with any of the Group's other components, whose operating results are reviewed regularly by the Group Chief Executive Officer (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance.

The Group's segmental reporting is based on the following operating segment:

- Investments
- Banking activities
- Insurance activities
- Real estate.

The segment reporting information are disclosed in note 35.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.31 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.31 Leases (continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At reporting date, the Group does not have any arrangement where they are acting as a lessor.

2.7.32 Perpetual Sukuks

Perpetual Trust Certificates are Unsecured and Subordinated, issued based on a Shari'a compliant Mudaraba structure. Each certificate evidence an undivided ownership interest in the Trust Assets, subject to the terms of the Transaction Documents and the Conditions, and is a limited recourse obligation of the Trustee.

3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

3.1 Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 Impairment of insurance and reinsurance receivables

An estimate of the collectible amount of insurance and reinsurance receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

3.3 Measurement of expected credit loss allowance on financial assets

The measurement of expected credit loss (ECL) allowance under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by number of factors, changes in which can result in different levels of allowances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

3.3 Measurement of expected credit loss allowance on financial assets (continued)

The Group's ECL calculations are outputs of complex models with number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime Expected Credit Losses (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on Probability of Default (PD), Exposure At Default (EAD) and Loss Given Default (LGD)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

3.4 Taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on factors such as experience of previous tax assessments and interpretations of tax regulations by the Group and the responsible tax authority.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.5 Impairment loss on investments in subsidiaries and associates

The Group reviews its investments in subsidiaries (at Parent level only) and associates periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of the subsidiaries, associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Group determines the need for impairment loss on investments in subsidiaries and associates.

3.6 The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is a key estimate made in measuring liabilities under insurance contracts and especially under group medical, group life and group credit life contracts. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

For individual life, Individual Credit Life and Group Credit Life incurred but not reported (IBNR) claims have been calculated as two months expected or estimated claims. For IBNR of group life and group medical claims, the claim projection methods used are Development factor method for reported losses, Development factor method for paid losses, Initial Expected Burning Cost or Initial Expected Loss Ratio method and Bornhuetter-Ferguson methods for paid or reported losses. After reviewing calendar-year and accident-year diagnostics, actual versus expected calendar year development, qualitative information and the general characteristics of each class of business, actuarial methods have been selected to project ultimate loss by accident or report year. Loss development factors have been selected using historical loss and claim development experience which form the basis for loss payment and reporting and claims development patterns used to project future emergence of losses for the development projection methods. Initial and ultimate selected losses are based on the results of the projection methods by claim cohort month, and are based on judgement reflecting the range of estimates produced by the methods and the strengths and weaknesses of each method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

3.6 The ultimate liability arising from claims made under insurance contracts (continued)

The projections are applied to losses evaluated as of 31 December 2022. Gross unpaid amounts are obtained by reducing the selected ultimate losses by the gross amounts paid as at 31 December 2022. Net unpaid claims estimates are arrived at after deducting the ceded case reserves and ceded IBNR estimates. The ceded IBNR estimates are derived based on a review of ceded case ratios and paid claims ratios.

For general insurance claims, IBNR has been arrived at by using a combination of the chain ladder method, Expected Loss Ratio Method and the Bornhuetter-Ferguson Method. These methods have been used to determine the pattern of reporting claims which has then been modified to determine IBNR reserves.

Unallocated Loss Adjustment Expenses (ULAE) has been added to the IBNR reserves for Group Life, Group Medical and General Insurance business. Following assumptions have been taken for ULAE:

2022	Group Life	Group Medical	Motor	Non-Motor
As Percentage of Outstanding claims and IBNR	%	%	%	%
Oman	3.22%	1.15%	3.22%	3.22%
UAE	3.86%	0.52%	-	-
Kuwait	3.22%	5.48%	3.22%	3.22%
2021	Group Life	Group Medical	Motor	Non-Motor
As Percentage of Outstanding claims and IBNR	%	%	%	%
Oman	0.6%	1.0%	0.8%	2.6%
UAE	1.5%	0.5%	-	-
Kuwait	2.8%	1.9%	6.8%	5.0%

3.7 Estimate of future benefit payments and premiums arising from short-term insurance contracts, and related deferred acquisition costs and other intangible assets

Where the unearned premium reserves are estimated to be insufficient to meet the expected cost of future claims, an additional unexpired risk reserve (AURR) or Premium Deficiency Reserve (PDR) is provided for. The AURR or PDR calculation is based on projected ultimate loss ratio estimate of the current year which is projected onto the next year with adjustments. The required reserve for the unexpired business is estimated by multiplying this loss ratio by the premium that is expected to be earned in that next year.

The determination of the liabilities under long-term insurance contracts (which basically consist of individual life policies and credit life policies issued for the whole loan period on a single premium basis) is dependent on a number of estimates made by the Group with respect to:

- Mortality and disability
- Investment returns / discount rate
- Expenses
- Surrender

Mortality and disability

The mortality rates are derived from mortality table Permanent Assurances, combined – AMC00 and AMF00 Ultimate table for males and females respectively. 146% of the AMC00 & AMF00 table has been used as best estimate mortality for the insured population in Oman which includes a margin of prudence of 25%. The best estimate derived has been applied based on a mortality experience study of the portfolio on an amount and life basis. For long term group and individual credit life contracts, reinsurance risk premium rates are used for both mortality and disability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

3.7 Estimate of future benefit payments and premiums arising from short-term insurance contracts, and related deferred acquisition costs and other intangible assets (continued)

Were the numbers of deaths in future years to differ by 10% from management's estimate, the liability would increase by RO 94,602 (1.3%) or decrease by RO 94,688 (1.3%) [2021: increase by RO 107,871 (1.2%) or decrease by RO 107,797 (1.2%)].

Investment returns / discount rate

Under the net premium valuation method used by the Group for valuing most policies in the individual life portfolio, the valuation rate of interest serves as both the estimate of investment income and the discount rate. The valuation interest rate used for conventional guaranteed business should reflect a conservative long-term interest rate. This rate is used to discount the future benefits and future premiums to arrive at the liability figure. A valuation interest rate of 5% per annum (31 December 2021: 5% per annum) for non-profit policies and 4.5% (31 December 2021: 4.5% per annum) for with-profit policies was used for the purpose of the valuation of the basic reserves for individual life portfolio. The same valuation discount rate has been used for valuing bonuses as well. The Group's running yield or actual income for the year for the individual life portfolio is around 7.2% per annum (31 December 2021: 7.2% per annum). However, valuation rate of interest has been considered based on returns on the assets held at the valuation date plus the assumed reinvestment returns on reinvested free cash less default allowance, investment expenses, tax, prudence margins and discretionary regular bonus loadings where appropriate. An earning in excess of the interest rate are usually a source of surplus for with profits policyholders. Uncertainty relating to interest rate assumptions lies in the investment of net future cash flows; reinvestment risk of coupon payments received on fixed income contracts; and the uncertainty surrounding both returns from and the value of equity investments.

Were the interest rate assumptions to vary by 50 basis point from management's estimate for 2022, the gross liability would increase by RO 56,352 (1.6%) or decrease by RO 53,304 (1.5%) [2021: increase by RO 55,581 (1.3%) or decrease by RO 54,009 (1.3%)].

Expenses

An implicit assumption relating to expenses is made for the statutory valuation in that there is a margin between the net premiums determined as a part of the net premium valuation and the gross premiums charged by the Group. As a part of the process the margin is kept at a minimum of 10% of the gross premium. A separate provision for RO 30 per policy per annum is made for single premium (excluding NBO Housing) and paid up policies for which no future premiums are expected, for NBO Housing portfolio an implicit expense margin of RO 10 is assumed.

Estimate of future benefit payments and premiums arising from long-term insurance contracts, and related deferred acquisition costs and other intangible assets (continued)

For short term life products indirect expenses have been deferred at 4% to 5% (31 December 2021: 4% to 5%) of the gross premiums. For group medical product, indirect expenses have been deferred at 7.5% (31 December 2021: 7.5%) for group medical-Oman, 6.5% (31 December 2021: 6.5%) for group medical-UAE and Kuwait, 5% (31 December 2021: 5%) for individual medical-Oman and Kuwait and 6.5% (31 December 2021: 6.5%) for individual medical-UAE of the gross premiums for costs relating to the unexpired risk period by the management based on expense analysis done for the year 2022.

Surrender

The mathematical reserve for the single premium loan protection contracts in the individual credit life portfolio and the group credit life portfolio is calculated as the 85% to 70% of the unexpired risk reserve and 15% to 30% of the current surrender value. This assumes that 15% to 30% of the business lapses and increases the reserves to allow for refunds exceeding the unexpired risk. The reinsurance asset is calculated as 85% to 70% of the unexpired risk reserve plus 15% to 30% of the current reinsurance surrender value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

3.8 Assessment of significant influence

In cases where the Group holds less than 20% voting rights, management exercises significant judgment which takes into account certain factors laid down by IAS 28 to reach a conclusion on whether the Group has significant influence on the investee.

Management has assessed the level of influence that the Group has on National Finance House B.S.C., Modern Steel Mill LLC, Horizon (AD) Investment Ltd and determined that significant influence exists, because of the board representation and participation in the decision making even though the shareholding is below 20%. Accordingly, these investments have been classified as an associate.

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR

a) STEP ACQUISITION OF A SUBSIDIARY

On 14 June 2022, the Group acquired additional 31.6% stake in Takaful Oman Insurance SAOG (Takaful Oman), increasing its stake to 56.12%. Resultantly, the Group acquired control over Takaful Oman and the investment was reclassified from associate to subsidiary. Accordingly, Takaful Oman's financial statements are consolidated in the Group accounts from the acquisition date. The Group is in the process of completing the related Purchase Price Allocation.

The following table summarizes the recognised amounts of assets acquired, and liabilities assumed on 14 June 2022.

Assets	RO'000
Cash, bank balances and deposits	20,694
Premium and insurance balance receivable	10,721
Reinsurance share in insurance funds	17,304
Investment securities	2,029
Other assets	4,993
Plant and equipment	362
	<u>56,103</u>
Liabilities	
Due to banks	6,153
Insurance funds	29,680
Other liabilities	9,497
	<u>45,330</u>
Perpetual bonds / sukuks	6,000
Total identifiable net assets acquired	<u>4,773</u>
Shareholding (%)	56%
	RO'000
Net Assets Acquired	2,679
Consideration	
Purchase consideration in cash	4,747
Transfer from associate	11
Net consideration for acquisition	<u>4,758</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (continued)

a) STEP ACQUISITION OF A SUBSIDIARY (continued)

Goodwill

	RO'000
Total consideration transferred for acquisition	4,758
Less: Net assets acquired	(2,679)
Less: Intangible assets	(352)
Goodwill at acquisition	<u>1,727</u>

The accounting for the acquisition will be revised on completion of PPA within a period of 12 months from the date of acquisition as allowed under IFRS 3 "Business Combinations".

The difference of RO 1,727k between consideration transferred and net assets acquired has been recorded as provisional Goodwill which is subject to changes on completion of PPA exercise. The market value of the group's investment in Takaful Oman as on 31 December 2022 is RO 5.67 million.

b) ACQUISITION OF A SUBSIDIARY

On 13 April 2022, the Group acquired 60% stake in National Security Services Group LLC (NSSG). Resultantly, the Group acquired control over NSSG and the investment was accounted as a subsidiary. Accordingly, NSSG's financial statements are consolidated in the Group accounts from the acquisition date. The goodwill at the acquisition amounted to RO 2.6 million. The Group is in the process of completing the related Purchase Price Allocation.

c) ACQUISITION OF A SUBSIDIARY BY NATIONAL LIFE GENERAL INSURANCE COMPANY SAOG (National Life)

On 7th July 2022, National Life a flagship insurance subsidiary of the group, completed the acquisition of 50.00002% stake in Royal & Sun Alliance Insurance (Middle East) (RSA ME) from Sun Alliance Insurance Overseas LTD (SAIO), a fully owned entity of Royal & Sun Alliance Insurance Limited in cash consideration of RO 52.06 million. The remaining shares in RSA ME owned by Saudi shareholders, were acquired by National Life by issuance of 133,374,342 shares by way of private placement. As a result, RSA ME became the wholly owned subsidiary of the Group. Consequent to the issue of new shares by National life, Ominvest Group's shareholding in National Life has reduced from 78.26% to 52.06%. At the time of acquisition, RSA ME owns 52.5% shareholding in Al Ahlia Insurance Company SAOG (Oman), 50.07% shareholding in Al Alamiya for Co-operative Insurance (KSA) and have operations in UAE and Bahrain.

The Group owned 24.3% stake in Al Ahlia Insurance Company SAOG (Al Ahlia) and classified it as an associate investment prior to this acquisition. Post-acquisition, Al Ahlia became the subsidiary of the Group and accordingly reclassified.

Consideration transferred

	Units	Unit price	Amount	Share issue expenses	Net Amount
			RO '000	RO '000	RO '000
Cash			52,061	-	52,061
Share issued	133,374,342	0.100	13,337	-	13,337
Share premium	133,374,342	0.220	29,342	(166)	29,176
			<u>94,740</u>	<u>(166)</u>	<u>94,574</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (continued)

c) ACQUISITION OF A SUBSIDIARY BY NATIONAL LIFE GENERAL INSURANCE COMPANY SAOG (National Life) (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	RO '000
Total consideration transferred	94,574
NCI based on their proportionate interest in the recognised amounts of the net assets and liabilities	37,253
Carrying value of net identifiable assets	<u>(106,664)</u>
Goodwill at acquisition	<u>25,163</u>

Existing goodwill before acquisition in RSA ME amounted to RO 16.43 million. As at the reporting date, the Group's shareholding in National Life is 52.06%.

Goodwill at acquisition

The acquisition accounting has been made on provisional basis based on net assets of the RSA ME as at 30 June 2022 as the PPA exercise to determine the fair value of assets acquired and liabilities assumed is ongoing. The accounting for the acquisition will be revised on completion of PPA within a period of 12 months from the date of acquisition as allowed under IFRS 3 "Business Combinations".

Comparative information

Group's results for the year ended 31 December 2022 includes RSA ME's results from 1 July 2022 till 31 December 2022 which are not reflected in the comparatives results. Consequently, comparative amounts for the statement of profit or loss, statement of changes in equity, statement of cash flows and related notes are not entirely comparable.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in statements of cash flows comprise the following:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Balances with banks and money at call	83,618	46,493	16,122	23,846
Deposits with banks (note 6)	166,584	52,643	5,287	5,000
Deposits with Bank with maturity above 3 months	(160,180)	(52,500)	(5,287)	(5,000)
	<u>90,022</u>	<u>46,636</u>	<u>16,122</u>	<u>23,846</u>

6. DEPOSITS WITH BANKS

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Deposits with Banks and leasing companies				
Less than 3 months maturity	6,404	143	-	-
More than 3 months maturity	160,180	52,500	5,287	5,000
	<u>166,584</u>	<u>52,643</u>	<u>5,287</u>	<u>5,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. DEPOSITS WITH BANKS

As at 31 December 2022, Parent Company deposits are held with a leading finance company in the Sultanate of Oman with maturities of more than 3 months.

As at 31 December 2022, insurance subsidiaries deposits are held with commercial banks in the Sultanate of Oman, United Arab Emirates, Kingdom of Saudi Arabia, Bahrain and Kuwait.

7. PREMIUM AND REINSURANCE BALANCES RECEIVABLE

Group	2022			2021		
	Life (RO'000)	General (RO'000)	Total (RO'000)	Life (RO'000)	General (RO'000)	Total (RO'000)
Insurance receivable	54,026	41,902	95,928	44,809	4,548	49,357
Reinsurance receivable	4,839	6,743	11,582	1,714	871	2,585
	<u>58,865</u>	<u>48,645</u>	<u>107,510</u>	<u>46,523</u>	<u>5,419</u>	<u>51,942</u>
Allowance for impaired debts	(2,109)	(7,176)	(9,285)	(1,728)	(831)	(2,559)
	<u>56,756</u>	<u>41,469</u>	<u>98,225</u>	<u>44,795</u>	<u>4,588</u>	<u>49,383</u>
Movement in allowance for impaired debts						
At 1 January	1,728	831	2,559	1,368	851	2,219
Acquisition of subsidiaries	54	5,857	5,911	-	-	-
Reversed during the year	(8)	(154)	(162)	-	-	-
Provided during the year	343	675	1,018	458	26	484
Written off during the year	(8)	(33)	(41)	(98)	(46)	(144)
At 31 December	<u>2,109</u>	<u>7,176</u>	<u>9,285</u>	<u>1,728</u>	<u>831</u>	<u>2,559</u>

8. INSURANCE FUNDS AND RE-INSURANCE SHARE IN INSURANCE FUNDS

31 December 2022	Gross	Reinsurers' share	Net
	(RO '000)	(RO '000)	(RO '000)
Actuarial / mathematical and unexpired risk reserve – life assurance	56,767	(12,420)	44,347
Unexpired risk reserve – general insurance	52,652	(7,240)	45,411
Closing claims outstanding (including IBNR)	105,315	(41,380)	63,936
	<u>214,734</u>	<u>(61,040)</u>	<u>153,694</u>
31 December 2021	Gross	Reinsurers' share	Net
	(RO '000)	(RO '000)	(RO '000)
Actuarial / mathematical and unexpired risk reserve – life assurance	49,473	(10,983)	38,490
Unexpired risk reserve – general insurance	7,778	(247)	7,531
Closing claims outstanding (including IBNR)	28,718	(6,285)	22,433
	<u>85,969</u>	<u>(17,515)</u>	<u>68,454</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. INSURANCE FUNDS AND RE-INSURANCE SHARE IN INSURANCE FUNDS (continued)

Movement during the year:

	2022	2021
	(RO '000)	(RO '000)
Actuarial / mathematical and unexpired reserve (Life assurance)		
At 1 January	38,490	33,235
Movement in the statement of comprehensive income	5,857	5,255
At 31 December	44,347	38,490
Unexpired risk reserves (General Insurance)		
At 1 January	7,531	7,999
Movement in the statement of comprehensive income	37,880	(468)
At 31 December	45,411	7,531

The amount in the provision for outstanding claims and the related reinsurers' share is as follows

Group	Gross outstanding claims	Reinsurers' share of outstanding claims	Net outstanding claims
	(RO '000)	(RO '000)	(RO '000)
31 December 2022			
At 1 January (including IBNR)	28,718	(6,285)	22,433
Acquisition of subsidiaries	63,659	(30,340)	33,319
Claims provided during the year	182,305	(35,959)	146,346
Claims paid during the year	(169,367)	31,204	(138,163)
Closing claims outstanding (including IBNR)	105,315	(41,380)	63,935
Group			
31 December 2021			
At 1 January (including IBNR)	23,171	(5,867)	17,304
Claims provided during the year	116,929	(24,312)	92,617
Claims paid during the year	(111,382)	23,894	(87,488)
Closing claims outstanding (including IBNR)	28,718	(6,285)	22,433

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Group estimates its insurance liabilities and reinsurance assets principally based on previous experience. IBNR estimates for the life business are based on an independent actuary's report. Claims requiring Court or arbitration decisions are estimated individually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. INVESTMENT SECURITIES

As at the reporting date, investment securities comprised the following:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Financial assets at fair value through profit or loss (note a)	97,514	35,778	2,185	1,993
Financial assets at fair value through other comprehensive income (note b)	336,120	89,613	3,236	3,234
Investments at amortised cost (note c)	134,928	82,855	-	-
	568,562	208,246	5,421	5,227

a) Financial assets at fair value through profit or loss

As at the reporting date, financial assets designated at fair value through profit or loss comprised the following:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Quoted investments				
Local investments by sector				
Financial sector	34,785	1,027	468	-
Industrial	465	710	419	465
Local quoted investments	35,250	1,737	887	465
Foreign quoted investments	12,524	1,446	68	83
Quoted investments	47,774	3,183	955	548
Unquoted local investments in a fund	8,316	2,270	1,019	1,217
Unquoted foreign investments	41,424	30,325	211	228
Investments at fair value through profit or loss (FVTPL)	97,514	35,778	2,185	1,993

(b) Financial assets at fair value through other comprehensive income

As at the reporting date, financial assets designated at fair value through other comprehensive income comprised the following:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Local investments				
Quoted investments (cost)	273,752	64,781	2,300	2,300
Fair value reserve	18,705	(7,589)	(820)	(571)
Unquoted investments (cost)	932	861	861	861
Fair value reserve	852	581	852	581
Total local investments	294,241	58,634	3,193	3,171
Foreign investments				
Quoted investments (cost)	48,198	36,081	-	-
Fair value reserve	(6,443)	(5,246)	-	-
Unquoted investments (cost)	927	927	205	205
Fair value reserve	(803)	(783)	(162)	(142)
Total foreign investments	41,879	30,979	43	63
Total investments at fair value through other comprehensive (FVTOCI) income	336,120	89,613	3,236	3,234

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. INVESTMENT SECURITIES (continued)

Local quoted investments include 9.4% stake in Bank Muscat SAOG. Consequent to the shareholding in Bank Muscat SAOG, Company owns proportionate share in Meethaq Islamic Banking window of Bank Muscat SAOG.

(c) Investment at amortised cost

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Investment in an education sector entity (refer below)	19,852	19,335	-	-
Banks and Corporate Bonds	115,076	63,520	-	-
Total investments at amortised cost	134,928	82,855	-	-

On 16 March 2020, the Group acquired significant interest in an education sector entity (target) at a consideration of RO 17.6 million from a related party (the seller). Under sale and purchase agreement dated 16 March 2020 with the seller, the Group has the right to receive 6.5% cash dividend and an overall return of 9% per annum if certain performance conditions are not achieved by the target by 31 December 2023. Accordingly, the investment has been initially recognised at fair value and subsequently measured at amortised cost.

10. INVESTMENT IN ASSOCIATES

As at the reporting date, investments in associates represented holdings in the following companies:

Group	Principal activities	Country of incorporation	31-Dec-22	31-Dec-21
			Holding %	Holding %
Quoted				
Bank Muscat SAOG	Banking	Sultanate of Oman	Note 10 (ii)	9.99
Oman Arab Bank SAOG (i)	Banking	Sultanate of Oman	31.64	31.64
National Finance Company SAOG	Finance and leasing	Sultanate of Oman	34.60	34.60
Al Ahlia Insurance Company SAOG	Insurance	Sultanate of Oman	Note 4C	24.30
Takaful Oman Insurance SAOG	Insurance	Sultanate of Oman	Note 4A	24.52
Unquoted				
National Finance House B.S.C.	Finance and leasing	Kingdom of Bahrain	17.47	17.47
Modern Steel Mill LLC (MSM)	Manufacturing	Sultanate of Oman	19.49	19.49
Horizon (AD) Investment Ltd	Education	United Arab Emirates	14.85	14.85
EastBridge Partners Singapore	Investment banking	Singapore	43.00	43.00
Parent Company	Principal activities	Country of incorporation	31-Dec-22	31-Dec-21
			Holding %	Holding %
Quoted				
National Finance Company SAOG	Finance and leasing	Sultanate of Oman	34.60	34.60
Oman Arab Bank SAOG	Banking	Sultanate of Oman	31.64	31.64

All the Group's quoted associate companies' shares are listed on the Muscat Securities Market (MSM). The quoted price of investments in listed associate companies as of the reporting date amounted to RO 171 million.

- i) Consequent to the shareholding in Oman Arab Bank SAOG, Company owns proportionate share in Alizz Islamic Bank SAOC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. INVESTMENT IN ASSOCIATES (continued)

- ii) During the year, the Group has reassessed its accounting classification of 9.99% shareholding in Bank Muscat SAOG. Accordingly, investment in Bank Muscat SAOG has been classified from 'Investment in Associate' to 'Investment at fair value through other comprehensive income'. A gain amounting to RO 62 million before recording certain adjustments at group level, on deemed disposal of the associate has been recognised by the Group in the income statement for the year ended 31 December 2022.

Bank Muscat SAOG has declared a special dividend of one 4.25% perpetual bond of RO 1 for every 10 ordinary shares held by investors in its OGM held on 9 November 2022. Accordingly, Group received perpetual bonds amounting to RO 38 million classified as fair value through profit or loss.

Details regarding movement in investment in associates is set out below:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
At 1 January	341,363	319,181	147,138	142,250
Purchases	-	3,176	-	-
Share of results of associates	21,161	29,136	8,631	5,230
Dividends received	(13,687)	(10,475)	(1,498)	(1,124)
Gain on disposal of an associate	444	-	(820)	-
Disposal of associates	(12,784)	-	(1,460)	-
Impairment (provision) / reversal	(9,911)	4,289	(9,911)	4,289
Gain on transfer to FVTOCI	62,825	-	-	-
Transfer to FVTOCI	(224,998)	-	-	-
Other equity movement (net)	(6,950)	(3,944)	(5,729)	(3,507)
At 31 December	157,463	341,363	136,351	147,138

Total assets, liabilities and revenues of the Group's associates are as follows:

	Assets	Liabilities	Revenues
	(RO'000)	(RO'000)	(RO'000)
2022			
Associates relating to the Parent Company			
National Finance Company SAOG (NFC)	451,144	332,515	43,487
Oman Arab Bank SAOG (OAB)	3,681,830	3,184,229	122,576
Associates relating to the Group			
Horizon (AD) Investment Ltd	136,888	67,271	27,622
National Finance House B.S.C.	52,986	36,028	3,518
Modern Steel Mill LLC	18,739	3,916	30,448
EastBridge Partners PTE Ltd	2,599	618	1,574
2021			
Associates relating to the Parent Company			
National Finance Company SAOG (NFC)	430,416	318,112	40,975
Oman Arab Bank SAOG (OAB)	3,435,659	2,911,320	121,625
Associates relating to the Group			
Bank Muscat SAOG (BM)	13,072,538	10,921,694	475,647
Horizon (AD) Investment Ltd	140,972	67,362	19,922
Al Ahlia Insurance Company SAOG	75,708	35,394	15,793
Takaful Oman Insurance SAOG	35,598	3,582	5,683
National Finance House B.S.C.	51,612	35,451	3,678
Modern Steel Mill LLC	17,749	3,616	29,015
EastBridge Partners PTE Ltd	2,390	798	1,526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. INVESTMENT IN ASSOCIATES (continued)

The carrying value of associates is as follows:

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Material associate companies	136,351	309,784	136,351	147,138
Other associate companies	21,112	31,579	-	-
	157,463	341,363	136,351	147,138

The Group's material associates are NFC and OAB (2021: NFC, OAB and BM) which are publicly listed entities, and their complete set of statements are available on their websites and relevant stock exchanges.

11. INVESTMENT IN SUBSIDIARIES

As at the reporting date, investments held by the Group in subsidiaries are:

	<i>Country of Incorporation</i>	<i>Holding %</i>	Holding %
Jabreen International Development Company SAOC (Jabreen) (Principal activity: Investments)	Oman	100.00	100.00
Takaful Oman Insurance Company [note 4A] [note 11(i)] (Principal activity: Insurance)	Oman	56.12	-
Ubhar Capital SAOC [note 11(i)] (Principal activity: Brokerage and Investment banking)	Oman	66.00	66.00
Gulf Acrylic Industries LLC (Principal activity: Manufacturing)	Oman	51.70	51.70
Shamel Plastic Industries LLC (Principal activity: Manufacturing)	Oman	51.65	51.65
Jabreen Capital Asia Pte. Ltd [note 11(i)] (Principal activity: Investment activities)	Singapore	100.00	100.00
National Life and General Insurance Company SAOG (Principal activity: Insurance)	Oman	52.06	78.26
Royal & Sun Alliance Insurance (Middle East) [note 4C & 11 (ii)] (Principal activity: Insurance)	Bahrain	100.00	-
NLGIC Support Services Private Limited [note 11 (ii)] (Principal activity: Support services)	India	100.00	100.00
Inayah TPA LLC [note 11 (ii)] (Principal activity: Support services)	UAE	100.00	100.00
Al Ahlia Insurance Company SAOG [note 11 (ii)] (Principal activity: Insurance)	Oman	100.00	-
Al Alamiya for Cooperative Insurance Company [note 11 (ii)] (Principal activity: Insurance)	KSA	50.07	-
ominvest International Holdings Limited (OIHL) (Principal activity: Investments)	UAE	100.00	100.00
National Security Services Group LLC (Principal activity: Cybersecurity)	Oman	60.00	-
Oman Real Estate Investment and Services LLC (Principal activity: Real Estate and Investments)	Oman	100.00	100.00
Muscat Resorts LLC (Principal activity: Integrated Tourism Project)	Oman	99.99	99.99
Al Jabal Al Aswad Investment LLC (Principal activity: Real Estate)	Oman	99.98	99.98

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. INVESTMENT IN SUBSIDIARIES (continued)

- i) These subsidiaries are held through Jabreen International Development Company SAOC.
 ii) These subsidiaries are held through National Life and General Insurance Company SAOG.

Total assets, liabilities and revenues of the subsidiaries are shown below, along with the Group's share of the results:

<i>Name of the subsidiary</i>	<i>Assets (RO'000)</i>	<i>Liabilities (RO'000)</i>	<i>Revenues (RO'000)</i>
2022			
National Life and General Insurance Co SAOG	482,246	352,988	231,567
Jabreen International Development Company SAOC	481,703	164,358	104,696
ominvest International Holding Limited	141,989	170,572	9,097
Oman Real Estate Investment and Services LLC	21,278	4,550	557
Muscat Resorts LLC	14,230	3,849	171
National Security Services Group LLC	290	172	490
Al Jabal Al Aswad Investment LLC	4	4	-
2021			
National Life and General Insurance Co SAOG	195,417	128,989	150,383
Jabreen International Development Company SAOC	372,153	131,267	45,431
ominvest International Holding Limited	56,636	21,178	413
Oman Real Estate Investment and Services SAOC	22,271	5,190	1,596
Muscat Resorts LLC	12,260	12,002	41
Al Jabal Al Aswad Investment LLC	4	1	-

Details regarding movement in investment in subsidiaries is set out below:

	<i>Parent Company</i>	
	2022 (RO'000)	<i>2021 (RO'000)</i>
At 1 January	338,144	295,204
Purchases	2,631	-
Subordinated loan to subsidiary	-	28,874
Less Transfer to subsidiary	-	(5,371)
Share of results of subsidiaries	71,649	31,576
Dividends received	(14,940)	(16,772)
Others	16,937	4,633
At 31 December	414,421	338,144

12. DUE FROM SUBSIDIARIES

Due from subsidiaries represent amounts advanced to 100% owned subsidiaries and the amount is majorly owed by Jabreen International Development Company SAOC (Jabreen Capital). Interest is charged at the rate 5.5% (2021: 5.5%) by the Parent company to Jabreen Capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. OTHER ASSETS

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Interest and other receivables	21,744	22,781	-	-
Prepayments	519	372	115	125
Others	37,799	7,562	2,735	3,479
	60,062	30,715	2,850	3,604

14. INVESTMENT PROPERTIES

Group	Land and buildings	Capital work- in- progress	Total
	(RO'000)	(RO'000)	(RO'000)
At 1 January 2021	11,139	-	11,139
Additions	476	1,228	1,704
Disposals	(4,931)	-	(4,931)
Realised gains on disposals	615	-	615
Unrealised gain during the year	60	-	60
At 1 January 2022	7,359	1,228	8,587
Additions	1,821	-	1,821
Disposals	(143)	-	(143)
Realised gains on disposals	24	-	24
Unrealised loss during the year	(580)	-	(580)
At 31 December 2022	8,481	1,228	9,709

Parent Company

The Parent Company has a residential investment property which has a fair value of RO 2 million (2021: RO 2.1 million).

The Group has conducted fair valuations of its investment properties (land and buildings) through a reputed property valuation company in Oman (Cavendish Maxwell and Brokers International LLC), who are specialist in valuing the land and buildings. Closing carrying values are adjusted to reflect the fair valuations performed. The land and buildings amounting to RO 4.1 million are beneficially owned by the Group but are registered in the name of Parent Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. INVESTMENT PROPERTIES (continued)

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property description	Valuation technique	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
ominvest Business Center Plot 216, Phase 1, Madinat Al Errfan, Wilayat Bausher, Muscat	Income capitalization approach: The model considers the net operating income of the property rentals projected and dividing by the capitalization rate.	<ul style="list-style-type: none"> Yield rate of 9% (2021: 9%) Operational expenses of 6.5% (2021: 5%) of market rent Leasing fees of 3% (2021: 3%) Acquisition costs 4% (2021: 4%) 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> Yield was lower/ (higher); Operational expenses were lower / (higher); Leasing fees were lower / (higher); or Acquisition costs were lower / (higher).
Plot No. 367, MBD East, G. Muttrah, Muscat	Income capitalization approach: The model considers the net operating income of the property rentals projected and dividing by the capitalization rate	<ul style="list-style-type: none"> Yield rate of 9% (2021: 9%) Operational expenses of 5% (2021: 5%) of market rent 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> Yield was lower/ (higher); or Operational expenses were lower / (higher).

The Group's investment property is measured based on Level 3 fair valuation. The Company obtains an independent valuation for its investment property at least annually. At the end of each reporting period, management updates its assessment of the fair value of the investment property, taking into account the most recent independent valuation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. PROPERTY AND EQUIPMENT

<i>Group</i>	<i>Land and buildings (RO'000)</i>	<i>Furniture, fixtures and equipment (RO'000)</i>	<i>Motor vehicles (RO'000)</i>	<i>Right of Use assets (RO'000)</i>	<i>Capital work in progress (RO'000)</i>	<i>Total (RO'000)</i>
Cost:						
At 1 January 2022	7,941	9,567	406	355	10,747	29,016
Additions	1,482	9,388	114	192	1,802	12,978
Transfers		13	(13)	-	-	-
Disposals	(91)	(82)	-	-	-	(173)
Acquisition of subsidiaries	448	2,351	-	-	-	2,799
At 31 December 2022	9,780	21,237	507	547	12,549	44,620
Depreciation:						
At 1 January 2022	653	5,123	239	118	-	6,133
Charge for the year	222	1,718	29	214	-	2,183
Disposals	(77)	(75)	-	-	-	(152)
Acquisition of subsidiaries	778	8,006	99	-	-	8,883
At 31 December 2022	1,576	14,772	367	332	-	17,047
Carrying value						
At 31 December 2022	8,204	6,465	140	215	12,549	27,573
Cost:						
At 1 January 2021	8,052	8,665	442	302	-	17,461
Additions	-	913	-	69	10,747	11,729
Transfers	-	-	-	(16)	-	(16)
Revaluation decrease	(111)	-	-	-	-	(111)
Disposals	-	(11)	(36)	-	-	(47)
At 31 December 2021	7,941	9,567	406	355	10,747	29,016
Depreciation:						
At 1 January 2021	450	3,971	241	220	-	4,882
Charge for the year	220	1,163	34	(96)	-	1,321
Eliminated on revaluation	(17)	-	-	-	-	(17)
Disposals	-	(11)	(36)	-	-	(47)
Transfers	-	-	-	(6)	-	(6)
At 31 December 2021	653	5,123	239	118	-	6,133
Carrying value						
At 31 December 2021	7,288	4,444	167	237	10,747	22,883

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. PROPERTY AND EQUIPMENT (continued)

	<i>Furniture, fixtures and equipment (RO'000)</i>	<i>Motor vehicles (RO'000)</i>	<i>Right of Use assets (RO'000)</i>	<i>Total (RO'000)</i>
Parent Company				
Cost:				
At 1 January 2022	505	18	830	1,353
Additions	112	-	-	112
Transfers	13	(13)	-	-
At 31 December 2022	630	5	830	1,465
Depreciation:				
At 1 January 2022	269	5	249	523
Charge for the year	54	-	83	137
At 31 December 2022	323	5	332	660
Carrying value				
At 31 December 2022	307	-	498	805
Cost:				
At 1 January 2021	505	5	830	1,340
Additions	-	13	-	13
At 31 December 2021	505	18	830	1,353
Depreciation:				
At 1 January 2021	200	5	166	371
Charge for the year	69	-	83	152
At 31 December 2021	269	5	249	523
Carrying value				
At 31 December 2021	236	13	581	830

Right of use asset of the Parent Company comprises of the Parent Company's lease rentals at ominvest Business Centre.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16. INTANGIBLE ASSETS

Group	Goodwill (RO'000)	Trade name (RO'000)	Hospital network (RO'000)	License (RO'000)	Others (RO'000)	Total (RO'000)
Cost						
At 1 January 2022	7,245	9,117	7,597	2,631	227	26,817
Acquisition of subsidiaries	29,491	-	-	-	1,853	31,344
Additions	-	-	-	-	128	128
Deletions	-	-	-	-	(238)	(238)
At 31 December 2022	36,736	9,117	7,597	2,631	1,970	58,051
Amortisation:						
At 1 January 2022	-	-	3,223	2,631	226	6,080
Charge for the year	-	-	506	-	555	1,061
Eliminated on revaluation	-	-	-	-	109	109
At 31 December 2022	-	-	3,729	2,631	890	7,250
Carrying value						
At 31 December 2022	36,736	9,117	3,868	-	1,080	50,801
Cost						
At 1 January 2021	7,245	9,117	7,597	2,631	227	26,817
At 31 December 2021	7,245	9,117	7,597	2,631	227	26,817
Amortisation:						
At 1 January 2021	-	-	2,717	2,355	(50)	5,022
Charge for the year	-	-	506	276	276	1,058
At 31 December 2021	-	-	3,223	2,631	226	6,080
Carrying value						
At 31 December 2021	7,245	9,117	4,374	-	1	20,737

- i) The Group carried out an impairment test as at the reporting date for goodwill and intangibles with indefinite lives acquired as a result of business combination. No impairment provision was required as a result of impairment test.

17. SHARE CAPITAL

	2022 (RO'000)	2021 (RO'000)
Authorized 2,000,000,000 ordinary shares of RO 0.100 each (31 December 2021 – 2,000,000,000 ordinary shares of RO 0.100 each)	200,000	200,000
Issued and fully paid 668,365,426 ordinary shares of RO 0.100 each (31 December 2021 – 668,365,426 shares of RO 0.100 each)	66,837	66,837

During 2021, the Company reduced its share capital from RO 807,772,329 to RO 668,365,426 by cancelling 139,406,903 shares as approved in EOGM held on 17 November 2021. Amount of RO 13,940,690.3 was reduced from share capital account.

Shareholders of the Parent Company who own 10% or more of its shares at the reporting date are as follows:

	2022		2021	
	Holding %	Shares	Holding %	Shares
Khalid Muhammad AlZubair	19.94%	133,282,434	19.94%	133,282,434
Al Hilal Investment Co. LLC	19.37%	129,480,967	19.37%	129,480,967
Civil Service Employees' Pension Fund	14.20%	94,912,414	14.20%	94,912,414

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18A. PERPETUAL TIER 1 CAPITAL BONDS

During 2018, the Parent Company issued perpetual bonds of RO 60.6 million. The bonds are listed in the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually in arrears and treated as deduction from equity. Parent Company has an option to defer the payment of interest. Any interest not paid due to such an election by the Parent Company shall constitute Optionally Deferred Payments. Optionally Deferred Payments shall themselves bear interest as if they constituted the principal of the Bonds at the Prevailing Interest Rate.

These bonds constitute direct, unconditional, subordinated and unsecured obligations of the Parent Company and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. These bonds do not have a fixed or final maturity date and are redeemable by the Parent Company at its sole discretion on 4 June 2023 (the “First Call Date”) or every 12 months thereafter.

18B. PERPETUAL SUKUKS

During 2021, the Parent Company issued Unsecured Subordinated Perpetual Trust Certificates amounting to RO 52 million (face value RO 1.000/ per certificate) based on a Shari’a compliant Mudaraba structure. Each certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Transaction Documents and the Conditions and is a limited recourse obligation of the Trustee. These Certificates are listed on the Bond and Sukuk Market of the Muscat Stock Exchange and are transferable through trading. These Certificates have an indicative profit rate of 6.75% per annum payable quarterly in arrears till the first call date on 13 December 2026 and will be reset to a new indicative profit rate based on a reference rate plus margin. The Parent Company has an option to defer the payment of profit. Any profit not paid due to such an election by the Parent Company shall constitute Optionally Deferred Profit Distribution. Optionally Deferred Profit Distributions shall themselves accrue profit as if they constituted the principal of the Certificates at the prevailing Indicative Profit Rate.

These Certificates constitute direct, unconditional, subordinated and unsecured obligations of the Parent Company and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. These certificates do not have a fixed or final maturity date and are redeemable by the Parent Company at its sole discretion on 13 December 2026 (the “First Call Date”) or every 12 months thereafter.

19. SHARE PREMIUM

This reserve is available for distribution to the shareholders. During 2021, the Group has recorded a reduction of RO 38,060 thousand in share premium account on account of cancellation and reduction of a part of share capital (refer note 17).

20. LEGAL RESERVE

As required by Article 132 of the Commercial Companies Law, the Parent Company and each of its Omani subsidiaries are required to transfer 10% of their profit for the year to this reserve until such time as the legal reserve amounts to at least one third of the respective entity’s paid-up share capital. The reserve is not available for distribution. Parent company has reached the statutory limit for transfer to legal reserve.

21. OTHER NON-DISTRIBUTABLE RESERVES

<i>Group and parent company</i>	<i>Contingency reserve</i>	<i>Foreign currency revaluation reserve</i>	<i>Cash flow hedge reserve</i>	<i>Revaluation reserve</i>	<i>Total</i>
	<i>RO’000</i>	<i>RO’000</i>	<i>RO’000</i>	<i>RO’000</i>	<i>RO’000</i>
At 1 January 2021	5,907	(25)	(475)	234	5,641
Other comprehensive income	-	(7)	637	-	630
Disposal of a subsidiary	-	-	-	(69)	(69)
Transfer (to) / from retained earnings	1,599	-	-	-	1,599
At 31 December 2021	7,506	(32)	162	165	7,801
Other comprehensive income	-	(13)	2,834	-	2,821
Transfer (to) / from retained earnings	1,568	-	-	-	1,568
At 31 December 2022	9,074	(45)	2,996	165	12,190

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. OTHER NON-DISTRIBUTABLE RESERVES (continued)

Contingency reserve

In accordance with article 10 (bis) (2)(c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business and 1% of the life assurance premiums for the year in case of life insurance business at the reporting date is transferred from retained earnings to a contingency reserve by the insurance subsidiary. The group may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared by the subsidiary company in any year until the deficit in the reserves covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

Revaluation reserve

The revaluation reserve represents the Parent Company's share of the revaluation reserve arising from the revaluation by associated companies.

Foreign currency translation reserve

As at the reporting date, the assets and liabilities of the foreign subsidiary entities are translated into the functional currency of the Group (the Rial Omani) at the rate of exchange ruling at the reporting date and its profit or loss is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a foreign currency translation reserve in other comprehensive income.

Cashflow hedge reserve

The Group has entered into an interest rate swap (IRS) agreement with a commercial bank that are designated as a fair value hedge, for hedging the interest rate risk movement on SOFR/LIBOR. Movement in fair value of IRS has been recorded in cashflow hedge reserve.

Cumulative changes in fair value reserve

The unrealised gain or loss arising from a change in the fair value of the investments at fair value through other comprehensive income is transferred to the equity reserve till the investment is sold, collected or otherwise disposed of, or till the investment is determined to be impaired at which time the cumulative gain or loss is transferred to the statement of profit or loss. The fair value reserve includes share of other comprehensive income from equity accounted investees.

22. NON-CONTROLLING INTEREST (NCI)

The following table summarises the information relating to each of the Group's subsidiary that has material NCI.

	NLGIC	
	2022	2021
	(RO'000)	(RO'000)
<i>Statement of financial position</i>		
Total assets	478,462	195,417
Total liabilities	351,980	128,989
Net assets	126,482	66,428
Net assets attributable to NCI	60,636	14,441
Intangibles attributable to NCI	12,739	2,933
Grand total	73,375	17,374
<i>Statement of comprehensive income</i>		
Profit for the year	3,108	7,474
Other comprehensive income for the year (OCI)	(685)	903
Total comprehensive income	2,423	8,377
Profit allocated to NCI	1,490	1,625
OCI allocated to NCI	(328)	196
Total comprehensive income allocated to NCI	1,162	1,821
<i>Statement of cash flows</i>		
Cashflow from operating activities	18,888	5,058
Cashflow from investing activities	(53,227)	994
Cashflow from financing activities	67,849	(1,852)
Net change in cash and cash equivalents	33,510	4,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23. BANK BORROWINGS

As at the reporting date, bank borrowings are as follows:

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Term loans	495,902	351,544	287,148	282,148
Less: Unamortised bank processing fees	(2,769)	(1,988)	(1,652)	(1,988)
	493,133	349,556	285,496	280,160

Certain long-term loans are secured by pledge of investments securities, investment in associates and subsidiaries.

The maturity profile of terms loans is as follows:

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Due within one year	92,835	58,300	81,393	50,500
Due in more than one year	403,067	293,244	205,755	231,648
	495,902	351,544	287,148	282,148

The movement in the term loans is as follows:

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
1 January	351,544	304,299	282,148	304,299
Long term loans obtained during the year	243,619	72,645	24,000	34,145
Repayment of long term loans made during the year	(129,406)	(46,300)	(36,500)	(46,300)
Net movement in short term loans	24,500	20,900	17,500	(9,996)
Related to acquisition of subsidiary	5,645	-	-	-
31 December	495,902	351,544	287,148	282,148

24. OTHER LIABILITIES

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Lease liabilities (refer below)	2,326	340	562	633
Accrued expenses and other payables	121,166	43,617	7,118	2,464
Interest payable	1,937	975	916	975
Staff end of service benefits (refer below)	4,934	1,845	283	235
Due to subsidiary (OIHL)	-	-	21,160	34,647
	130,363	46,777	30,039	38,954

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24. OTHER LIABILITIES (continued)

The movement in lease liabilities are as below:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
At 1 January	340	248	633	704
Addition during the year	-	140	-	-
Accretion of the interest	23	16	42	42
Addition of a subsidiary	2,048	-	-	-
Repayment made during the year	(85)	(64)	(113)	(113)
	2,326	340	562	633

Movements in the liability recognised in the financial statements for employees' end of service benefits are as follows:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
At 1 January	1,845	1,872	235	362
Addition of subsidiary	4,016	-	-	-
Charge for the year	815	341	104	58
Paid during the year	(1,742)	(368)	(56)	(185)
At 31 December	4,934	1,845	283	235

25. TAXATION

(a) Recognised in the statements of comprehensive income

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Statement of comprehensive income				
Current tax				
- Current year	1,156	3,363	-	-
- Prior year	159	(200)	159	(200)
	1,315	3,163	159	(200)
Deferred tax				
- Current year	(64)	(1,877)	439	-
- Prior year	150	-	-	-
	86	(1,877)	439	-
Tax expense / (income)	1,401	1,286	598	(200)
Statement of financial position				
Current year	8,605	3,163	598	439
Deferred tax (asset) / liability	(1,655)	(1,741)	439	-
	6,950	1,422	1,037	439
Deferred tax asset / (liability)				
At 1 January	1,741	659	-	-
Movement for the year	(86)	1,082	(439)	-
At 31 December	1,655	1,741	(439)	-

The Group is subject to income tax at the rate of 15% of taxable income (2021: 15%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

25. TAXATION (continued)

The following is a reconciliation of income tax calculated at the applicable tax rate with the income tax expense:

	<i>Parent Company</i>	
	2022	2021
	(RO'000)	(RO'000)
Profit before tax	50,460	30,660
Income tax at the rates mentioned above	7,569	4,599
Tax-exempt revenues	(12,211)	(6,251)
Non-deductible expenses	4,925	1,366
Deferred tax not recognised	929	277
Interest deduction on Tier 1 bonds and perpetual sukuk	(783)	
Current tax-prior year	10	(200)
Deferred tax – prior year	159	9
Income tax expense	598	(200)

Parent Company

The assessments of the Parent Company have been completed by the Taxation Authority up to and including the tax year 2018. The Parent Company has filed an appeal for the tax year 2012 and an objection for the year 2018.

The assessments of the tax returns filed for the years 2019 to 2021 have not yet been finalised by the Tax Authority. Management believes that any additional taxes that may arise on completion of the tax assessments for the open tax years and tax years under objection will not be significant to the Parent Company's financial position at 31 December 2022

Status of tax assessments of subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management does not expect any additional tax liabilities to be incurred relating to the open tax years.

26. NET ASSETS PER SHARE

The calculation of net assets per share is as follows:

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Equity attributable to shareholders of the Parent Company (RO'000)	244,377	212,685	247,039	213,431
Number of shares outstanding at the end of the year	668,365,426	668,365,426	668,365,426	668,365,426
Net assets per share (RO)	0.366	0.318	0.370	0.319

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

27. GROSS PREMIUMS AND PREMIUMS CEDED TO REINSURERS

2022

	<i>Life</i> (RO '000)	<i>General</i> (RO '000)	<i>Total</i> (RO '000)
Group			
Gross written premiums	160,769	88,644	249,413
Movement in unearned premiums	<u>(6,050)</u>	<u>(5,094)</u>	<u>(11,144)</u>
Gross premium, earned	154,719	83,550	238,269
Reinsurance premiums ceded	(35,650)	(16,014)	(51,664)
Movement in unearned premiums	<u>818</u>	<u>3,213</u>	<u>4,031</u>
Premium ceded to reinsurers	(34,833)	(12,801)	(47,633)
Net insurance premium revenue	119,887	70,749	190,636

2021

	Life (RO '000)	General (RO '000)	Total (RO '000)
Group			
Gross written premiums	127,100	19,359	146,459
Movement in unearned premiums	<u>(6,100)</u>	<u>391</u>	<u>(5,709)</u>
Gross premium, earned	<u>121,000</u>	<u>19,750</u>	<u>140,750</u>
Reinsurance premiums ceded	<u>(22,641)</u>	<u>(1,653)</u>	<u>(24,294)</u>
Movement in unearned premiums	<u>845</u>	<u>77</u>	<u>922</u>
Premium ceded to reinsurers	<u>(21,796)</u>	<u>(1,576)</u>	<u>(23,372)</u>
Net insurance premium revenue	<u>99,204</u>	<u>18,174</u>	<u>117,378</u>

28. INTEREST INCOME

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Placements / deposits with banks and other money market placements	3,987	3,257	558	1,262
Other interest income	<u>3,634</u>	2,526	<u>5,577</u>	6,370
	7,621	5,783	6,135	7,632

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

29. INVESTMENT INCOME

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Dividend from investments	7,782	3,094	709	78
Quoted local investments				
Profit / (loss) on sale	(1,207)	1,114	(372)	259
Changes in fair value	(242)	93	(44)	(19)
Quoted foreign investments				
Profit / (loss) on sale	(189)	(123)	-	-
Changes in fair value	(14)	242	(14)	242
Income from amortized cost investments	5,377	1,995	-	-
Unquoted local investments				
Change in fair value	(348)	-	(197)	-
Unquoted foreign investments				
Changes in fair value	(943)	241	-	-
Investment properties				
Net gain / (loss) on investment properties	(556)	675	(100)	-
Rental income	706	718	129	142
Reversal / (impairment) provision [note 29(i)]	(14,586)	4,289	(9,911)	4,289
Gains on deemed disposal of associate [note 10 (ii)]	62,825	-	-	-
Reclassification of OCI reserve	(850)	-	-	-
Net gains from associates	444	-	-	-
	58,199	12,338	(9,800)	4,991

(i) During the year, company has created provision on equity accounted investee companies and global bonds.

30. OTHER OPERATING INCOME

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Foreign exchange (loss) / gain	(21)	(32)	-	-
Gross profit from subsidiaries in manufacturing business (refer below)	941	1,595	-	-
Other income	2,783	2,296	293	1,245
	3,703	3,859	293	1,245

This consist of revenue and cost of sales from a manufacturing subsidiaries GAIL and SPIL which has revenue of RO 6,288 thousands (2021: RO 8,855 thousands) and cost of sales of RO 5,347 thousands (2021: RO 7,260 thousands).

31. INTEREST EXPENSE

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Bank borrowings	20,123	15,518	16,134	15,398
	20,123	15,518	16,134	15,398

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

32. OPERATING EXPENSES

	<i>Group</i>		<i>Parent Company</i>	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Staff costs (refer below)	23,755	14,558	5,345	2,781
Other operating expenses	21,957	7,140	4,175	909
Depreciation	2,183	1,321	137	152
Amortisation	1,061	1,058	310	575
Directors' sitting fees and remuneration:				
Parent Company	347	199	347	199
Subsidiaries (net of intra-group adjustments)	563	432	-	-
	49,866	24,708	10,314	4,616
Staff costs:				
Salaries	18,198	12,610	2,532	2,164
End of service benefits	815	341	104	58
Social security costs	681	545	109	71
Other costs	4,061	1,062	2,600	488
	23,755	14,558	5,345	2,781

- a) During the year, the Parent Company has recharged proportionate staff costs amounting to RO 679,670 to its major subsidiaries. These staff costs pertain to common shared services viz human resources, administration, legal, compliance, risk, internal audit, corporate communications, finance and accounts.

33. DERIVATIVES

A derivative financial instrument is a financial contract between two parties when payments are dependent upon movement in price in one or more underlying financial instrument, reference rate or index.

Group and Parent Company

The group subsidiary has entered into an interest rate swap (IRS) agreement with an international commercial bank that are designated as a cash flow hedge, for hedging the interest rate risk movement for bank borrowings obtained at variable rate: SOFR.

The parent company has entered into an interest rate swap (IRS) agreement with a commercial bank in Oman that are designated as a cash flow hedge, for hedging the interest rate risk movement for bank borrowings obtained at variable rate: LIBOR.

31 December 2022	Positive fair value RO'000	Negative fair value RO'000	Notional amount RO'000	Within 3 months RO'000	3 - 12 months RO'000	More than 1 year RO'000
Interest rate swaps (hedge)	2,834	-	57,747	12,512	-	45,235
31 December 2021	Positive fair value RO'000	Negative fair value RO'000	Notional amount RO'000	Within 3 months RO'000	3 - 12 months RO'000	More than 1 year RO'000
Interest rate swaps (hedge)	637	-	48,125	-	-	48,125

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

34. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the number of shares outstanding during the year.

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Profit for the year attributable to equity holders	50,000	27,000	49,862	30,860
Less: Perpetual interest / expense	(7,823)	(4,484)	(8,383)	(4,699)
Profit for the year attributable to equity holders of the Group / Parent Company after interest / expense on Perpetual capital bonds	42,177	22,516	41,479	26,161
Weighted average number of shares outstanding during the year	668,365,426	668,365,426	668,365,426	807,008,456
Basic earnings per share (RO)	0.063	0.034	0.062	0.032

As there were no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

35. SEGMENTAL INFORMATION

The Group is organised into four main business segments:

- Investment Segment – incorporating investment activities for both short-term and long-term purposes.
- Banking Segment – incorporating corporate, retail and treasury and investment banking activities carried out by the Group's banking associates share of profit or loss included under segment revenue and segment results and carrying value included under segment assets.
- Insurance Segment – incorporating insurance related activities for Life and General Insurance carried out by the Group's insurance subsidiary and associates share of profit or loss included under segment revenue and segment results and carrying value included under segment assets.
- Real Estate Segment – incorporating activities in real estate sector.

Transactions between the business segments are eliminated on consolidation.

	Investments	Banking	Insurance	Real estate	Adjustments	Total
	(RO '000)	(RO '000)	(RO '000)	(RO '000)	(RO '000)	(RO '000)
2022						
Segment revenues	150,329	33,393	232,190	728	(79,673)	336,967
Segment results	85,032	33,393	3,557	(344)	(72,269)	49,369
Segment assets	849,705	316,826	504,131	35,512	(422,538)	1,283,637
2021						
Segment revenues	59,753	25,946	153,942	1,673	(42,740)	198,574
Segment results	27,199	25,946	11,033	801	(36,120)	28,859
Segment assets	581,269	295,074	262,855	34,536	(375,169)	798,565

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

36. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group conducts transactions with certain of its Directors and / or shareholders, associates, other related parties over which they are able to exert significant influence on mutually agreed terms with the approval of Board of Directors. The aggregate amounts of balances with such related parties are as follows:

Group - 2022	Directors	Associates	Key management	Other related parties	Non- controlling interests
	RO'000	RO'000	RO'000	RO'000	RO'000
Statement of comprehensive income					
Interest and other income	-	1,097	-	14	-
Interest expense	-	4,057	-	-	-
Directors sitting fees and remuneration	910	-	-	-	-
Premiums received	-	871	-	594	-
Claims paid	-	1,385	-	410	-
Operating expenses and capital expenditure	-	1,336	-	420	-
Staff cost	-	-	3,657	-	-
End of service benefits	-	-	36	-	-
Statement of financial position					
Borrowing arrangements	-	20,000	-	-	-
Current and other deposit accounts	-	36,899	-	963	-
Premiums and other receivables	-	212	-	287	-
Payables and deposits	-	1,582	-	426	-
Group - 2021	Directors	Associates	Key management	Other related parties	Non- controlling interests
	RO'000	RO'000	RO'000	RO'000	RO'000
Statement of comprehensive income					
Interest and other income	-	1,680	-	422	-
Interest expense	-	5,562	-	-	-
Directors sitting fees and remuneration	631	-	-	-	-
Premiums received	-	3,115	-	626	-
Claims paid	-	2,069	-	584	-
Operating expenses and capital expenditure	-	352	-	590	-
Staff cost	-	-	4,053	-	-
End of service benefits	-	-	145	-	-
Statement of financial position					
Sale of investments	-	-	-	7,850	-
Purchase of investments	-	3,700	-	9,329	-
Borrowing arrangements	-	86,000	-	-	-
Current and other deposit accounts	-	45,819	-	-	-
Premiums and other receivables	-	576	-	-	-
Payables and deposits	-	3,546	-	591	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

36. RELATED PARTY TRANSACTIONS (continued)

Parent – 2022

	Subsidiaries	Associates	Directors	Key management	Other related parties
	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Statement of comprehensive income					
Directors' sitting fees and remuneration	-	-	347	-	-
Dividend from Subsidiary companies	14,940	-	-	-	-
Dividend from Associates companies	-	1,498	-	-	-
Brokerage and other fees	5	-	-	-	-
Operating expenses	173	-	-	-	68
Interest income	5,583	302	-	-	-
Interest expenses	1,837	1,131	-	-	2,925
Premiums	151	-	-	-	-
Claims	65	-	-	-	-
Recharge of common staff cost	680	-	-	-	-
Staff cost	-	-	-	2,948	-
End of Service benefits	-	-	-	28	-
Statements of financial position					
Bank borrowings	-	20,000	-	-	-
Bank balances and deposits	-	20,832	-	-	-
Due from subsidiaries	92,992	-	-	-	-
Due to subsidiaries	21,160	-	-	-	-
Investments	-	-	-	-	2,455

Parent – 2021

	Subsidiaries	Associates	Directors	Key management	Other related parties
	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)
<i>Statement of comprehensive income</i>					
Directors' sitting fees and remuneration	-	-	199	-	-
Dividend from Subsidiary companies	16,772	-	-	-	-
Dividend from Associates companies	-	1,124	-	-	-
Brokerage and other fees	-	104	-	-	9
Operating expenses	113	-	-	-	108
Interest income	6,589	670	-	-	-
Interest expenses	220	1,157	-	-	4,405
Premiums	120	-	-	-	-
Claims	72	-	-	-	-
Recharge of common staff cost	834	-	-	-	-
Staff cost	-	-	-	2,171	-
End of Service benefits	-	-	-	32	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

36. RELATED PARTY TRANSACTIONS (continued)

Parent - 2021

	<i>Subsidiaries</i>	<i>Associates</i>	<i>Directors</i>	<i>Key management</i>	<i>Other related parties</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
<i>Statement of financial position</i>					
Bank borrowings	-	20,000	-	-	66,000
Bank balances and deposits	-	27,620	-	-	-
Due from subsidiaries	119,733	-	-	-	-
Due to subsidiaries	34,647	-	-	-	-
Sale of Investment	5,371	-	-	-	-
Purchase of Treasury shares	52,000	-	-	-	-
Issue of Perpetual Sukuk	52,000	-	-	-	-

37. FIDUCIARY ACTIVITIES

As at 31 December 2022, balances stated at cost arising from fiduciary activities are as follows:

	Group		Parent Company	
	2022	2021	2022	2021
	(RO'000)	<i>(RO'000)</i>	(RO'000)	<i>(RO'000)</i>
Investments syndicated by the parent company and registered in its name:	410	413	410	413

These investments are held beneficially for and on behalf of investors and, accordingly, are not treated as assets of the Group and the Parent Company. These are included in the Group's and Parent company's financial statements as off-balance sheet items.

Below are the details of assets held under trust by a subsidiary in brokerage business:

	2022	2021
	RO'000	<i>RO'000</i>
Amounts held in:		
Cash held for trust accounts	21,182	17,271
Securities held for discretionary trust accounts	229,958	188,782
Securities held for non – discretionary trust accounts	260,561	279,692
	511,701	485,745

The group's associate, EBP also has assets under management amounting USD 804 million (RO 310 million).

38. CONTINGENT LIABILITIES & COMMITMENTS

Contingencies

At 31 December 2022, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 389,195 (2021: RO 293,273) given in the normal course of business from which it is anticipated that no material liabilities will arise.

Legal claims

The insurance subsidiary of the Group, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its separate and consolidated income or financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

39. RESTRICTIONS ON TRANSFER OF ASSETS

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the consolidated statement of financial position at a total value of RO 84,576,058 (2021: RO 52,921,238). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority. The Group has provided bank guarantee of RO 50,000 (2021: RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, Kuwait and Bahrain the Group has identified to the Insurance Authority, Abu Dhabi – UAE and The Ministry of Commerce and Industry, Kuwait certain specific fixed deposits of RO 1,736,005 (2021: RO 1,014,663), RO 3,216,850 (2021: RO 3,216,850) and RO 296,933 respectively which are included in the consolidated statement of financial position. Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the respective authorities.

40. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES

	<i>Sultanate of Oman</i>	<i>GCC</i>	<i>Rest of the world</i>	<i>Total</i>
Group – 2022	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Assets				
Balances with banks and money at call	32,150	43,811	7,657	83,618
Deposits with banks	79,807	86,777	-	166,584
Premium and insurance balance receivables	43,452	54,773	-	98,225
Re-insurance share in Insurance Funds	33,253	27,787	-	61,040
Investment securities	335,145	57,139	176,278	568,562
Investments in associates	139,947	12,706	4,810	157,463
Investment properties	9,709	-	-	9,709
Other assets	45,718	6,679	7,665	60,062
Property and equipment	24,863	2,644	66	27,573
Intangible assets	49,882	919	-	50,801
Total assets	<u>793,926</u>	<u>293,235</u>	<u>196,476</u>	<u>1,283,637</u>
Liabilities				
Due to banks	347,658	60,534	84,941	493,133
Insurance funds	90,724	124,010	-	214,734
Other liabilities	62,943	67,417	3	130,363
Taxation	1,080	5,870	-	6,950
Total liabilities	<u>502,405</u>	<u>257,831</u>	<u>84,944</u>	<u>845,180</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

40. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES (continued)

<i>Group – 2021</i>	Sultanate of Oman (RO'000)	GCC (RO'000)	Rest of the world (RO'000)	Total (RO'000)
Assets				
Balances with banks and money at call	32,998	12,826	669	46,493
Deposits with banks	35,636	17,007	-	52,643
Premium and insurance balance receivables	24,067	25,316	-	49,383
Re-insurance share in Insurance Funds	8,230	9,285	-	17,515
Investment securities	106,780	12,151	89,315	208,246
Investments in associates	323,378	13,179	4,806	341,363
Investment properties	8,587	-	-	8,587
Other assets	26,095	4,481	139	30,715
Property and equipment	21,139	1,657	87	22,883
Intangible assets	20,737	-	-	20,737
Total assets	607,647	95,902	95,016	798,565
Liabilities				
Bank borrowings	278,334	44,123	27,099	349,556
Insurance funds	46,700	39,269	-	85,969
Other liabilities	27,909	18,781	87	46,777
Taxation	1,422	-	-	1,422
Total liabilities	354,365	102,173	27,186	483,724

	<i>Sultanate of Oman (RO'000)</i>	<i>GCC (RO'000)</i>	<i>Rest of the world (RO'000)</i>	<i>Total (RO'000)</i>
Parent Company – 2022				
Assets				
Balances with banks and money at call	16,103	14	5	16,122
Deposits with banks	5,287	-	-	5,287
Investment securities	5,103	247	71	5,421
Investments in associates	136,351	-	-	136,351
Investments in subsidiaries	385,834	28,587	-	414,421
Dues from subsidiaries	89,141	3,851	-	92,992
Investments in properties	2,000	-	-	2,000
Other assets	2,850	-	-	2,850
Property and equipment	805	-	-	805
Total assets	643,472	32,699	76	676,249
Liabilities				
Bank borrowings	275,871	9,625	-	285,496
Other liabilities	5,028	25,011	-	30,039
Taxation	1,037	-	-	1,037
Total liabilities	281,936	34,636	-	316,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

40. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES (continued)

	<i>Sultanate of Oman</i>	<i>GCC</i>	<i>Rest of the world</i>	<i>Total</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Parent Company – 2021				
Assets				
Balances with banks and money at call	23,773	27	46	23,846
Deposits with banks	5,000	-	-	5,000
Investment securities	4,936	219	72	5,227
Investments in associates	147,138	-	-	147,138
Investments in subsidiaries	308,787	29,357	-	338,144
Dues from subsidiaries	115,882	3,851	-	119,733
Investments in properties	2,100	-	-	2,100
Other assets	3,604	-	-	3,604
Property and equipment	830	-	-	830
Total assets	612,050	33,454	118	645,622
Liabilities				
Bank borrowings	270,535	9,625	-	280,160
Other liabilities	4,298	34,656	-	38,954
Taxation	439	-	-	439
Total liabilities	275,272	44,281	-	319,553

41. ASSETS AND LIABILITIES MATURITY PROFILE

	<i>Within 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Group – 2022					
Assets					
Balances with banks and money at call	83,618	-	-	-	83,618
Deposits with banks	140,397	5,287	20,900	-	166,584
Premium and insurance balance	97,467	-	758	-	98,225
Re-insurance share in insurance funds	56,818	-	4,222	-	61,040
Investment securities	418,231	(7,096)	137,575	19,852	568,562
Investments in associates	-	-	-	157,463	157,463
Investments in properties	-	-	9,709	-	9,709
Other assets	58,116	1,946	-	-	60,062
Property and equipment	9,770	-	17,803	-	27,573
Intangible assets	26,573	-	24,228	-	50,801
Total assets	890,990	137	215,195	177,315	1,283,637
Liabilities					
Bank borrowings	20,000	70,066	377,409	25,658	493,133
Insurance funds	206,103	-	8,631	-	214,734
Other liabilities	89,345	-	41,018	-	130,363
Taxation	6,950	-	-	-	6,950
Total liabilities	322,398	70,066	427,058	25,658	845,180

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

41. ASSETS AND LIABILITIES MATURITY PROFILE (continued)

	Within 3 months (RO'000)	3 to 12 months (RO'000)	1 to 5 years (RO'000)	Over 5 years (RO'000)	Total (RO'000)
Group – 2021					
Assets					
Balances with banks and money at call	46,493	-	-	-	46,493
Deposits with banks	9,916	13,663	29,064	-	52,643
Premium and insurance balance	-	46,856	2,527	-	49,383
Re-insurance share in insurance funds	-	14,517	-	2,998	17,515
Investment securities	54,207	7,777	127,422	18,840	208,246
Investments in associates	-	-	-	341,363	341,363
Investments in properties	-	-	8,587	-	8,587
Other assets	21,992	6,327	2,372	24	30,715
Property and equipment	-	-	18,204	4,679	22,883
Intangible assets	-	782	3,128	16,827	20,737
Total assets	132,608	89,140	188,176	388,641	798,565
Liabilities					
Bank borrowings	27,799	30,500	265,599	25,658	349,556
Insurance funds	-	75,904	-	10,065	85,969
Other liabilities	11,736	1,268	33,638	135	46,777
Taxation	149	1,273	-	-	1,422
Total liabilities	39,684	108,945	299,237	35,858	483,724
	Within 3 months (RO'000)	3 to 12 months (RO'000)	1 to 5 years (RO'000)	Over 5 years (RO'000)	Total (RO'000)
Parent Company – 2022					
Assets					
Balances with banks and money at call	16,122	-	-	-	16,122
Deposits with banks	5,287	-	-	-	5,287
Investment securities	3,437	-	1,984	-	5,421
Investments in associates	-	-	-	136,351	136,351
Investments in subsidiaries	-	-	-	414,421	414,421
Investment properties	-	-	-	2,000	2,000
Other assets	2,850	-	-	-	2,850
Property and equipment	-	-	805	-	805
Due from subsidiaries	-	92,992	-	-	92,992
Total assets	27,696	92,992	2,789	552,772	676,249
Liabilities					
Bank borrowings	20,000	59,741	180,097	25,658	285,496
Other liabilities	8,460	-	21,579	-	30,039
Taxation	-	-	1,037	-	1,037
Total liabilities	28,460	59,741	202,713	25,658	316,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

41. ASSETS AND LIABILITIES MATURITY PROFILE (continued)

	Within 3 months (RO'000)	3 to 12 months (RO'000)	1 to 5 years (RO'000)	Over 5 years (RO'000)	Total (RO'000)
Parent Company – 2021					
Assets					
Balances with banks and money at call	23,846	-	-	-	23,846
Deposits with banks	5,000	-	-	-	5,000
Investment securities	3,494	-	1,733	-	5,227
Investments in associates	-	-	-	147,138	147,138
Investments in subsidiaries	-	-	-	338,144	338,144
Investment properties	-	-	-	2,100	2,100
Other assets	3,604	-	-	-	3,604
Property and equipment	-	-	830	-	830
Due from subsidiaries	-	119,733	-	-	119,733
Total assets	<u>35,944</u>	<u>119,733</u>	<u>2,563</u>	<u>487,382</u>	<u>645,622</u>
Liabilities					
Bank borrowings	20,000	30,500	204,002	25,638	280,160
Other liabilities	456	-	38,498	-	38,954
Taxation	439	-	-	-	439
Total liabilities	<u>20,895</u>	<u>30,500</u>	<u>242,500</u>	<u>25,658</u>	<u>319,553</u>

42. FINANCIAL RISK MANAGEMENT POLICIES

42.1 Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the evaluation, analysis, acceptance and management of risk or combination of risks. As taking risk is core to the financial business and operational risks are an inevitable consequence of any business, the Group's aim is to achieve an appropriate balance between risk and return while minimising the potential adverse effects on the Group's financial performance of the respective Group companies.

The Board of Directors defines risk limits and sets suitable policies in this regard for management of credit risk, liquidity risk as well as market risk in both the trading and the banking book of the respective Group Company. Risk Management is carried out by the Risk Management team in accordance with documented policies approved by the Board of Directors of the respective Group Company.

The principal types of risks at the Group and Parent Company are credit risk, liquidity risk, market risk (market price risk, interest rate risk and currency risk) and operational risk.

Below risk management disclosures does not include numbers of the banking subsidiary which has been disposed-off in the prior year. Comparative numbers have been represented to conform the presentation adopted for the current year.

42.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from lending activities at the banking subsidiary and investment activities and other assets in the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and financial guarantees given by the banking subsidiary.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The details of concentrations of credit risk based on counterparties by industry are disclosed in the geographical concentration is disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. FINANCIAL RISK MANAGEMENT POLICIES (continued)

42.2 Credit risk (continued)

The Group manages, limits and controls concentrations of credit risk – in particular, to individual counterparties and Groups, and to industries and countries.

The Group's exposure to credit risk arises in respect of the following financial instruments:

2022 – Group				RO'000
	Not past due and considered good	Past due but not impaired	Impaired	Total
Balances with banks and money at call	83,618	-	-	83,618
Deposits with banks	166,584	-	-	166,584
Insurance and reinsurance receivable	65,878	24,159	8,188	98,225
Re-insurance share in insurance funds	61,040	-	-	61,040
Investment at amortised cost	134,928	-	-	134,928
Debt instruments carried at FVOCI	336,120	-	-	336,120
Other assets	53,323	2,516	4,223	60,062
2021 – Group				RO'000
	Not past due and considered good	Past due but not impaired	Impaired	Total
Balances with banks and money at call	46,493	-	-	46,493
Deposits with banks	52,643	-	-	52,643
Insurance and reinsurance receivable	40,488	8,894	2,559	51,941
Re-insurance share in insurance funds	17,515	-	-	17,515
Investment at amortised cost	82,855	-	-	82,855
Debt instruments carried at FVOCI	32,719	-	-	32,719
Other assets	28,074	2,234	407	30,715

Note:

Parent Company assets are not past due or impaired

Cash and bank deposits:

The Group and the Parent Company has placed bank balances and deposits with commercial banks in Sultanate of Oman, GCC countries and Europe which have Moody's ratings ranging from A1 to Baa3 during the year 2022 and 2021.

The ECL on cash and cash equivalents is not material at Group and Parent Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. FINANCIAL RISK MANAGEMENT POLICIES (continued)

42.2 Credit risk (continued)

Premium and insurance balance receivable

The following table provides an age analysis of receivables arising from insurance and reinsurance contracts past due but not impaired:

	Past due but not impaired						Total RO
	Less than 1 month RO	1 to 4 months RO	4 to 7 months RO	7 to 9 months RO	9 to 13 months RO	> 13 months RO	
2022	4,155	8,425	5,000	1,659	1,017	3,943	24,159
2021	2,086	1,783	1,149	592	757	2,527	8,894

Assets classified as 'past due and impaired' are contractual payments which are invoiced for more than 365 days and an impairment adjustment is recorded in the consolidated statement of profit or loss and other comprehensive income. When the credit exposure is adequately secured, arrears more than 365 days might still be classified as "past due but not impaired", with no impairment adjustment recorded.

Re-insurance share in insurance funds

Consistent with other insurance companies, in order to minimize financial exposure arising from large claims, the Group, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers. The Group only deals with reinsurers as mandated under the board approved Reinsurance Management strategy manual.

The Group places business only with reinsurers having a minimum rating of "BBB" from Standard & Poor's or "B+" from A. M. Best except regional reinsurers.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured and for all reinsurance share of future liabilities as at reporting date for all reinsured policies to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The Group's maximum theoretical exposure in this connection is RO 42,178,754 thousands (2021: RO 17,515 thousands).

Concentration:

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

42.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. FINANCIAL RISK MANAGEMENT POLICIES (continued)

42.3 Liquidity risk (continued)

The maturities of the Group's and Parent Company undiscounted financial liabilities at reporting date is as below:

2022 – Group

	RO'000			Total
	Less than one year	More than one year	No fixed terms	
Bank borrowings	90,066	403,067	-	493,133
Insurance funds	206,103	8,631	-	214,734
Other liabilities	89,345	41,018	-	130,363
	385,514	452,716	-	838,230

2021 – Group

	RO'000			Total
	Less than one year	More than one year	No fixed terms	
Bank borrowings	58,300	293,244	-	351,544
Insurance funds	75,904	-	10,065	85,969
Other liabilities	6,297	40,480	-	46,777
	140,501	333,724	10,065	484,290

2022 – Parent Company

	RO'000			Total
	Less than one year	More than one year	No fixed terms	
Bank borrowings	79,741	205,755	-	285,496
Other liabilities	8,460	21,579	-	30,039
	88,201	227,334	-	315,535

2021 – Parent Company

	RO'000			Total
	Less than one year	More than one year	No fixed terms	
Bank borrowings	50,500	231,648	-	282,148
Other liabilities	456	38,498	-	38,954
	50,956	270,146	-	321,102

42.4 Market risk

The Group and the Parent Company take on exposures to market risk which is the risk that the fair value or the future cash flows of the financial assets carried at fair value will fluctuate because of changes in market prices. Market risks arise from the open positions in interest rate, currency and equity products, all of which are exposed to changes in interest rates, credit spreads, equity prices and foreign exchange rates for the banking subsidiary.

The market risks on investments listed in the securities markets for the Parent Company are monitored by the Board and Management committees. The Management committee monitor the risks, allocations and returns from local and foreign investments through regular meetings. The Management of the Parent Company has proper risk management policies in place to ensure that interest risk, liquidity risk and foreign exchange risk are mitigated considering the macroeconomic indicators affecting the investment activities.

Price risk

Financial Instruments price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to market risk with respect to its investments. The Group limits financial instruments price risk by maintaining a diversified portfolio and by continuous monitoring of the market. In addition, the Group monitors actively the key factors that affect stock market movements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. FINANCIAL RISK MANAGEMENT POLICIES (continued)

42.4 Market risk (continued)

61% (2021: 65%) of the Group's investments at the reporting date are within the Sultanate of Oman.

The following table demonstrates the sensitivity of the investment income to reasonably possible changes in equity prices, with all other variables held constant. The effect of 20% decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Group

	Effect on equity		Effect on profit	
	2022	2021	2022	2021
	RO'000	RO'000	RO'000	RO'000
Investments securities	66,842	17,605	9,555	637

Parent Company

	Effect on equity		Effect on profit	
	2022	2021	2022	2021
	RO'000	RO'000	RO'000	RO'000
Investments securities	296	346	191	110

Interest rate risk

The Group invests in securities and has deposits that are subject to interest rate risk. The Group's bank deposits of RO 166,584 thousands (2021: RO 52,643 thousands) carry fixed rate of interest and therefore, are not exposed to interest rate risk.

The Group holds subordinated interest-bearing investments at FVOCI with face value of RO 66,182 thousands (2021: RO 21,747 thousands) which are subject to interest rate reset as per below table.

Year of reset	2022			2021		
	Face Value	Rate Change	Impact	Face Value	Rate Change	Impact
	RO'000	%	RO'000	RO'000	%	RO'000
Year 2022	-	-	-	1,000	1%	10
Year 2023	24,042	1%	240	10,826	1%	108
Year 2024 to 2031	42,140	1%	421	9,921	1%	99

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are in Rial Omani, UAE Dirhams, Kuwaiti Dinars and US Dollars. As the Rial Omani, UAE Dirhams and Kuwaiti Dinars are pegged to the US Dollar, balances in these currencies do not represent significant currency risk. The company enters into major agreements in Omani Rial and US Dollars. As the Omani Rial is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. 33% (2021: 43%) of the Group's deposits and cash and bank balances are denominated in foreign currencies, mainly US Dollars, Kuwaiti Dinars and UAE Dirhams.

42.5 Capital management

The Parent company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During 2022, the Parent company's strategy, which was unchanged from 2021, was to maintain the gearing ratio at an acceptable level. The gearing ratio at 31 December 2022 and 2021 for the Parent Company 43.86% and 44.20% respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. FINANCIAL RISK MANAGEMENT POLICIES (continued)

42.5 Capital management (continued)

	2022	2021
	RO' 000	RO' 000
Total borrowings	287,148	282,148
Less: cash and cash equivalents	(16,122)	(23,846)
Net debt	271,026	258,302
Total equity	359,677	326,069
Total capital	630,703	584,371
Gearing ratio	42.97%	44.20%

42.6 Insurance risk management policies

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 Group 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.

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 Group 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. In addition, the Group has entered into reinsurance contracts in order to mitigate the impact that large individual claims may have on its net results.

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.

Short-duration life insurance contracts

a) Frequency and severity of claims

These contracts are mainly issued to:

- Employers, providing cover against death, disability or (in the case of group medical policies) health of their employees.
- Financial institutions, providing cover against death of their borrowers.

In the case of group life contracts issued to employers, the risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

For short term group life and group credit life contracts the Group guarantees the premium rate for a period of one year and has a right to change these rates thereafter. In such contracts it therefore minimises its exposure to mortality risk. Mortality risk includes risk of death due to epidemics such as Covid-19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42. FINANCIAL RISK MANAGEMENT POLICIES (continued)

42.6 Insurance risk management policies (continued)

Insurance risk under disability contracts is also dependent on economic conditions in the industry. Historical data indicates that recession and unemployment in an industry will increase the number of claims for disability benefits as well as reducing the rate of recovery from disability.

The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

The Group also mitigates the risk by entering into reinsurance contracts under which the Group cedes risks such as death, accidental death benefit and permanent total disability above RO 10,000.

For its group medical business, the risk is mitigated by entering into reinsurance contracts under which the Group reinsures 30% of its UAE and 0% of its Oman medical portfolio on quota share treaty (in 2021 it was reinsured 30% of its UAE and 0% of its Oman medical portfolio on quota share).

a) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the reporting date, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

b) Process used to decide on assumptions

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done for the year 2022.

43. DIVIDEND PROPOSED

Parent Company

Final dividends are not accounted for until they have been approved at the Annual General Meeting. At the forthcoming shareholders Meeting, to be held on 30 March 2023, a cash dividend of RO 0.015 per share (2021 - RO 0.030 per share) amounting to RO 10,025,481 (2021 - RO 20,050,963) is proposed by the Board of Directors for the year ended 31 December 2022.

Additionally, the Board of Directors have also proposed to distribute one perpetual bond of RO 1 to be issued for 11.11 ordinary shares of 100bz held by the shareholders. Total perpetual bonds subject to regulatory approvals, to be issued by the company will amount to RO 60,158,904. These bonds will be listed on the Muscat Stock exchange and will carry an annual coupon of 5.25% and would form part of the Company's equity. These perpetual bonds will not have a fixed maturity date, however they may be callable at par at the option of the Company after 5 years from the date of issuance.

The financial statements for the year ended 31 December 2022 do not reflect proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2022.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

The fair values of on balance sheet financial instruments, except for investments in subsidiaries and associates, are not significantly different from the carrying values included in the financial statements. The fair value of listed investments in associates and subsidiaries based on the closing market prices on the Muscat Securities Market at the reporting date is set out below:

	Carrying value	Market value	Difference
	(RO'000)	(RO'000)	(RO'000)
Investments in associates and subsidiaries			
2022	200,404	171,314	29,090
2021	379,264	355,724	23,540

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels

During the reporting period ended 31 December 2021 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December 2022

Group	Level 1 (RO'000)	Level 2 (RO'000)	Level 3 (RO'000)	Total (RO'000)
Financial assets at fair value through profit or loss	<u>47,774</u>	-	<u>49,740</u>	<u>97,514</u>
Financial assets at fair value through other comprehensive income	<u>334,212</u>	-	<u>1,908</u>	<u>336,120</u>
Parent Company				
Financial assets at fair value through profit or loss	<u>955</u>	-	<u>1,230</u>	<u>2,185</u>
Financial assets at fair value through other comprehensive income	<u>1,480</u>	-	<u>1,756</u>	<u>3,236</u>

Fair value hierarchy

As at 31 December 2021

Group	Level 1 (RO'000)	Level 2 (RO'000)	Level 3 (RO'000)	Total (RO'000)
Financial assets at fair value through profit or loss	<u>3,183</u>	-	<u>32,595</u>	<u>35,778</u>
Financial assets at fair value through other comprehensive income	<u>88,027</u>	-	<u>1,586</u>	<u>89,613</u>
Parent Company				
Financial assets at fair value through profit or loss	<u>548</u>	-	<u>1,445</u>	<u>1,993</u>
Financial assets at fair value through other comprehensive income	<u>1,729</u>	-	<u>1,505</u>	<u>3,234</u>

Level 1 financial instruments above are valued using quoted bid prices in an active market.

Level 2 above includes financial instruments which are valued using discounted cash flows method. Cash flows are discounted at a rate that reflects risk profile of the counter parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3 investments are investments in shares of an unquoted companies and investment in funds. The management values the investment using net asset value of the investee based on the investee's financial statements except for one investment in the amount of RO 6.9 million carried at FVPTL using market comparable technique. Management considers the carrying value of other investments to approximate its fair value as significant portfolio of the underlying assets and liabilities of the investee company's are either fair valued or are in cash and cash equivalents where fair value approximate the carrying value. Therefore, unadjusted net assets value is representative of fair value of the investments.

Investment valued at comparable multiples

The Group has an investment in a company based in South Korea which has been valued based on revenue multiple of comparable entities and EBITDA multiple of comparable historical transactions.

45. COMPARATIVE INFORMATION


Certain comparative numbers have been reclassified/restated to conform with the presentation adopted in these financial statements.

ominvest

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