



# ominvest

ANNUAL REPORT

# 2023

Transforming Businesses  
**to Enrich Societies**





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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

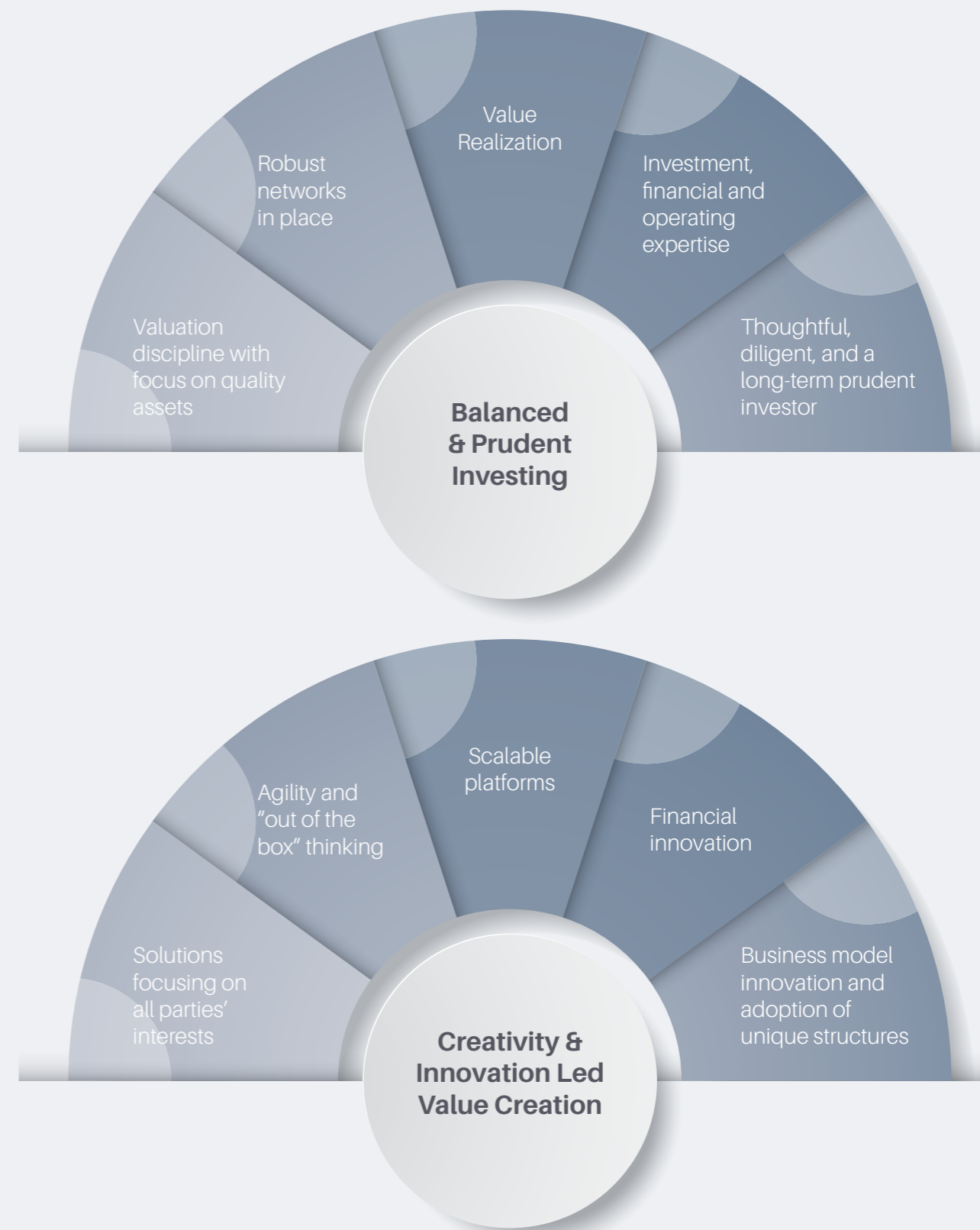
To create value for our stakeholders by prudently investing in growth sectors and markets while implementing innovative solutions, scalable platforms, and impactful ESG initiatives.

## Ominvest at a Glance

Founded in 1983, Ominvest is one of the largest listed investment companies in the region and has been consistently profitable with an enviable track record of uninterrupted dividend payments to shareholders. Ominvest owns high quality assets in diversified sectors and have portfolio companies that are market leaders.

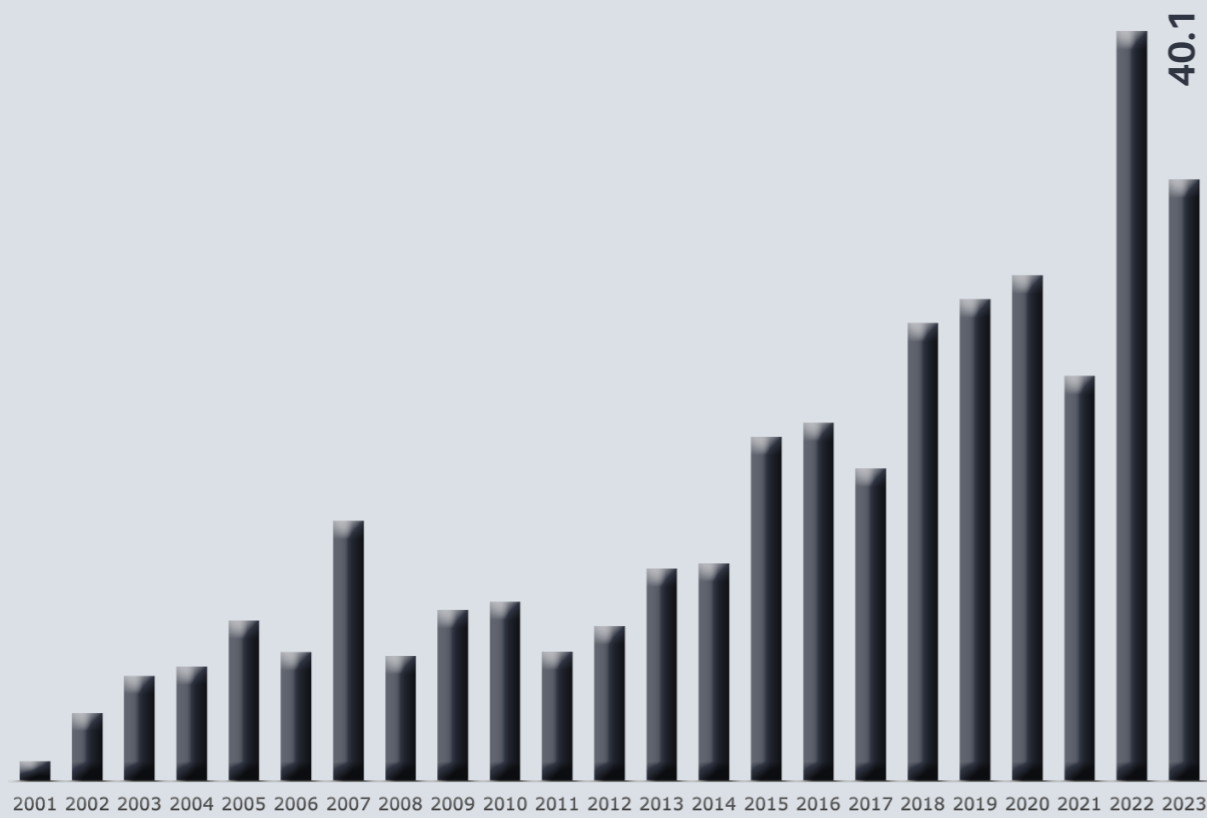


## Core Competencies

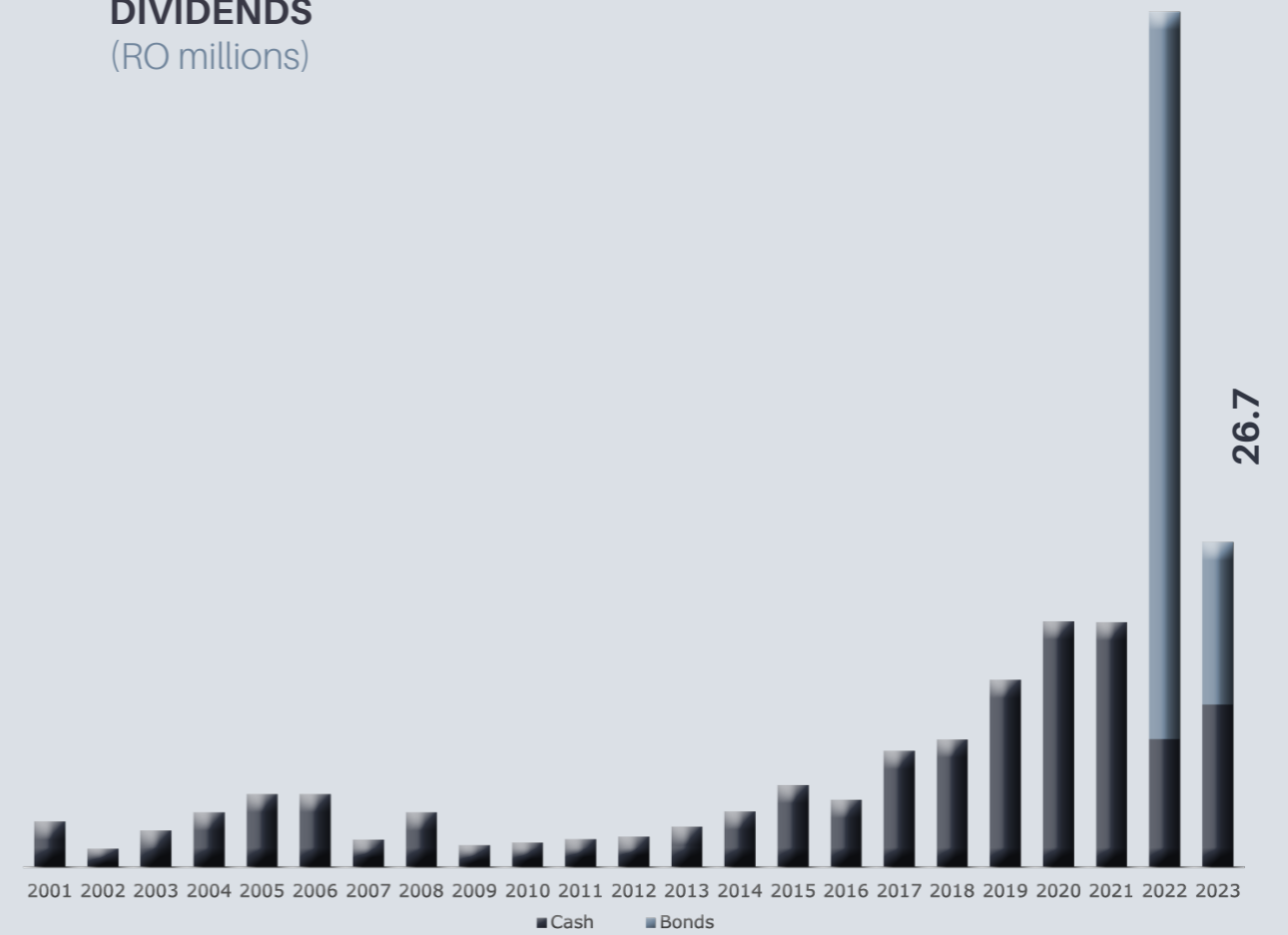


## Track Record

### NET INCOME (RO millions)



### DIVIDENDS (RO millions)



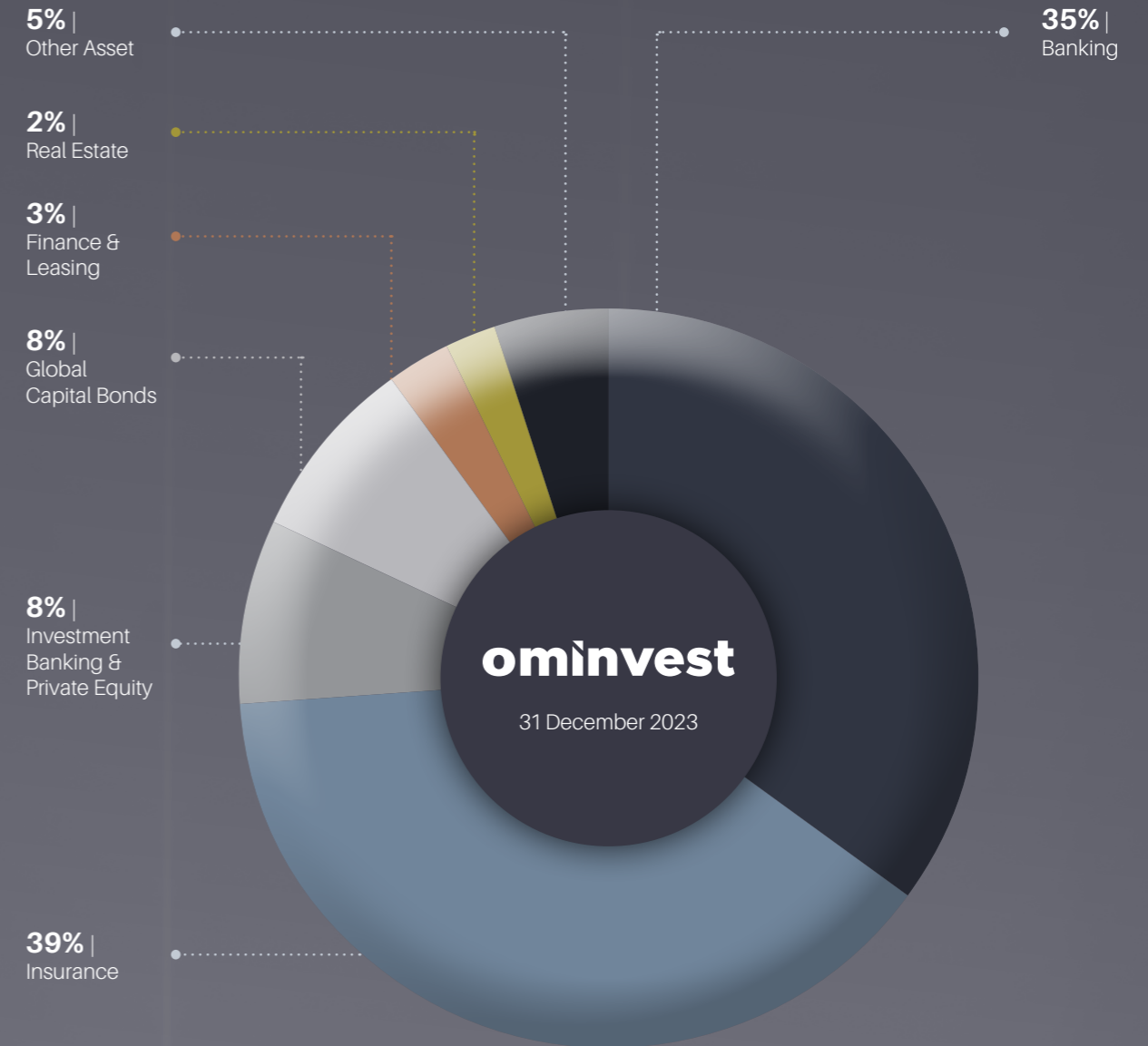
During the year, Ominvest reported a profit of RO 40.1 million, which translates to an ROE of 18.4%. The board of directors has recommended a 40% dividend distribution amounting to RO 26.7 million for 2023, comprising cash dividend of 20% and 20% in the form of mandatory convertible bonds. These bonds will be listed on the musact stock exchange and will carry an annual coupon of 6.5%.

The hybrid dividend is to generously reward our esteemed shareholders as well as to continue fueling the growth of Ominvest.

## Ominvest actively diversifies its portfolio across sectors

- Diversification across companies, sectors and geographies is key to manage the concentration risks associated with large investments in single company and/or sector.
- We have successfully diversified away from the banking sector which comprised 97% of Group assets in 2014 compared to 25% presently.
- 34% of our group consolidated assets are outside Oman compared to less than 1% in 2014. We had an attractive opportunity to acquire additional stake in Bank Muscat during November 2023. We are now prudently working on enhancing our geographical diversification.

## Diversification of Group's Consolidated Assets



## Achieved Major Milestones over the recent years

### 2012

Acquired 11% stake in **Oman Al Arabia Fund**.

### 2016

**Boosted NLGIC's capital** to grow regionally, thus achieving market leadership in Oman with significant regional operations.

### 2018

Optimized capital structure via issuance of **perpetual bonds**.  
**National Finance merged with Orix Leasing**, resulting into a market leader.

### 2019

Expansion into **Asian markets** for private equity investments via acquiring 43% stake in **East Bridge**, and established office in **Singapore**.

### 2015

Transformation of Ominvest through **merger** with **ONIC Holding**.

Diversification into insurance sector.

**Increase** in parent company **assets** from USD 275 mn to USD 623m.

### 2017

Disposal of **non-core industrial** investments resulting in shareholder value accretion.

Formation of **U-Capital**.

**Successful IPO** of NLGIC and Al Ahlia Insurance at attractive valuations.

Expansion into **Education sector in the GCC**.

### 2018

Accumulated 9.99% stake in **Bank Muscat**, the largest bank in Oman at attractive valuation.

Formation of **Jabreen Capital** as a private equity arm of Ominvest.

### 2020

Completion of **Alizz Islamic Bank** acquisition by **Oman Arab Bank**.

**Sale of partial stake** in Oman Arab Bank at attractive valuation.

**Successful listing** of Oman Arab Bank.

Sold a portion of **treasury shares** at attractive valuation & enhanced liquidity.

Acquired control over **U-Capital**, which in turn acquired **Gulf Bader Capital Markets**.

**IGI** listing at NASDAQ and partial exit at 2x book value.

### 2021

Issued **Perpetual Sukuk** amounting to USD 135m by conversion of treasury shares.

Established a full-fledge office at Dubai International Financial Centre (DIFC).

Launched **Global Capital Markets Programme** to grow and diversify.

Expansion into **logistics sector** in USA and Europe through Jabreen Capital.

New investments in **schools** and **real estate**.

### 2023

Increased **shareholding in Bank Muscat to 15%**.

Increased shareholding in **International General Insurance (IGI)** from 14.5% to 20.5%.

Highest ever dividend declaration – **105%**

Redemption of Ominvest **perpetual bonds (RO 60.6 million)**.

Acquisition of 30% stake in **leading FINTECH company** in Oman.

Obtained category 3C license from DFSA and established Ominvest Capital (DIFC) Limited.

### 2022

**NLGIC** completed a 100% acquisition of **RSA Middle East** with an aspiration to become a leading multiline insurer in the region.

Increased shareholding in **Takaful Oman** to 56% and gained control.

Acquired controlling stake in a **niche tech company**.

Launched mixed used development **"La Vie" in Muscat Hills**.

# Board of Directors' Report

## Board of Directors' Report For the Year ended 31 December 2023



**Khalid  
Muhammad  
AlZubair**  
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 2023.

Below I would like to present our macroeconomics overview, notable events and financial performance of the Ominvest Group and our major portfolio companies for the year ended 31 December 2023.

### A Brief on Macroeconomics

The global economic outlook remains positive despite the challenges posed by high interest rates and geopolitical uncertainties. As global inflation rates continue to decelerate, a shift towards accommodative monetary policies is on the horizon, which will support global economic growth and maintain the positive momentum in global financial markets.

The GCC economy is expected to exhibit steady growth in 2024, rebounding from 2023. A favorable oil price environment is anticipated and shall continue to support growth in the hydrocarbon sector. Inflation rates, which saw a gradual decrease in 2023, are expected to stabilize further, contributing to a more sustainable economic environment. The GCC region is poised for ongoing growth, maintaining its role as a robust economic player.

Oman's economy is expected to grow by 2.7% in 2024, an improvement from 1.3% in 2023. This growth is driven by a combination of a favorable oil price environment and growth in the non-hydrocarbon sector, backed by the government's diversification plans. Fiscal and external balances remain in a comfortable position in the coming years underpinned by favorable oil prices and by policy makers prudent reduction in government debt levels.

Authorities have focused on fiscal consolidation under the Medium-Term Fiscal Plan (MTFP) which has improved both fiscal and external balances. We expect Oman to achieve MTFP targets well ahead of schedule. The improvement in both confidence and outlook is reflected in recent positive upgrades by rating agencies. Oman's sovereign credit rating has been upgraded to one notch below investment grade and sovereign spreads have become nearly at par with the average of GCC countries and well below that of emerging markets. Ominvest, with its diversified portfolio of robust and versatile businesses across key regional and international markets, has proven resilient despite the challenging macroenvironment of high interest rates. This resilience is due to its favorable asset allocation in the financial services sector, which benefits from high interest rates, offering a natural hedge against interest rate risk.

## Notable Events

The key events for the year 2023 include:

- Acquisition of an additional 6% shareholding in IGI, an international specialty insurance and reinsurance group listed on the Nasdaq Capital Markets, at an attractive price, bringing our total shareholding to 20.5%.
- Acquisition of an additional 5.87% shareholding in Bank Muscat at an attractive price, increasing our total shareholding to 15%.
- Increase of Parent company assets by 20.3% during 2023. Our portfolio consists of high quality assets across diversified sectors and geographies, with major holdings in leading institutions.
- Repayment of the perpetual subordinated bonds issued on 4 June 2018, amounting to RO 60.6 million, on its first call date.

### Group Consolidated Performance

During the year ended 31 December 2023, the Group revenue increased by 38% to RO 442.74m as compared to RO 329.6m for the previous year 2022, and the net profit attributable to Ominvest's shareholders decreased by 19% to RO 40.12m as compared to RO 49.81m for the previous year 2022.

The decrease in profit compared to the previous year was mainly due to the reclassification of our investment in Bank Muscat. The net reclassification gain during 2022 amounted to RO 38m, which was almost equivalent to the special dividend of perpetual bonds received by the Group from Bank Muscat and the related trading profit of RO 2.9m.

### Parent Company Performance

During the year ended 31 December 2023, the Parent Company's revenues decreased by 12% to RO 67.21m as compared to RO 76.73m in 2022 and the net profit attributable to equity holders of the Parent Company decreased by 19% to RO 40.3m as compared to RO 49.7m. The decrease in profit is due to the same reason as explained earlier.

During the year, Ominvest Group repaid the perpetual subordinated bonds issued on 4 June 2018 amounting to RO 60.6m issued at a fixed annual rate of 7.75%, on its first call date. The strong financial and liquidity position of the Group enabled us to take this strategic step. These bonds were replaced by issuance of new perpetual subordinated bonds at fixed annual rate of 5.25%. I would like to thank the bondholders for their participation and continued support.

### Dividend Distribution

The Board of Directors has recommended a 40% dividend distribution amounting to RO 26.7 million for 2023, comprising a cash dividend of 20% and 20% in the form of mandatory convertible bonds (MCB). The hybrid dividend is proposed to

generously reward our esteemed shareholders as well as to continue fueling growth of Ominvest. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.

### Performance of Key Subsidiaries and Associates

**Liva Group SAOG (formerly National Life & General Insurance Company SAOG):** During the year our subsidiary in insurance sector has successfully rebranded as Liva Group. The year 2023 has been the foundation year for Liva Group, marking new beginnings as the top ten insurance player across the GCC region following the successful combination of NLGIC Group and RSA Middle East. In line with agreed strategy, Liva group completed successful integrations of the operations in the Sultanate of Oman, Kingdom of Saudi Arabia and Kingdom of Bahrain.

The Liva Group's net profit for the year ended 31 December 2023, increased by 108% to reach RO 6.4m compared to RO 3.08m in 2022. The Liva Group's revenues grew strongly by 43% to RO 310m during the year as compared to RO 217m in 2022. Liva groups insurance service results increased by 65% to RO 9m during the year compared to RO 5.4m in 2022. Insurance service results was impacted by the extrinsic market factors influencing claims frequency and severity across various markets and business line. Significant growth was observed across key segments in KSA and noticeable growth of the commercial portfolio in the UAE. The Liva group maintained its market leading position in Oman and achieved significant portfolio rebalancing, optimising and diversifying the book to improve long term profitability.

Liva group's reaffirmed AM Best Rating of A- in January 2024 sets solid foundation for the Group as it commences delivery of its 2024 plans. In line with regulatory expectations, the Liva Group has fully implemented IFRS 17 Insurance Contracts which replaces IFRS 4.

**Bank Muscat SAOG,** In November 2023,

the Ominvest Group acquired an additional 5.87% stake in Bank Muscat an attractive price increasing our shareholding in the bank to 15%. This acquisition made the Ominvest Group the second-largest shareholder in the bank. Consequently, effective from 12 December 2023, the investment in Bank Muscat was classified as an associate investment.

Bank Muscat continued to perform well and maintain its leadership position in Oman's financial services sector. Bank Muscat's net profit for the year ended 31 December 2023, increased by 5.8%, to reach RO 212.45m from RO 200.75m in 2022, mainly due to improvement in the operating performance. The bank's return on equity was 12.69% and capital adequacy stood at a very healthy level of 21.22%.

**Oman Arab Bank SAOG (OAB)** our associate in the banking sector, reported consolidated profit of RO 20.6m for the year ended 31 December 2023, up 27% compared to RO 16.2m in 2022, driven by a good growth in its core operations and notable improvement in loan recoveries. OAB's net loans and advances, including Islamic finance, increased by 7% to RO 3,275m at 31 December 2023 compared to RO 3,067m at 31 December 2022. Customer deposits increased by 12% to reach RO 3,357m at 31 December 2023 compared to RO 2,992m at 31 December 2022. The growth in loans and deposits were considerably higher than the market growth enabling the Bank to grow its market share.

During the year, OAB successfully issued subordinated perpetual bonds amounting to RO 50 million at an attractive coupon rate of 7% in the current difficult environment. The issue was oversubscribed by 60%.

**National Finance Company SAOG (NFC),** our associate in the leasing sector continues to focus on writing good quality business with improved margins and reported an increase of 9.59% in profit to RO 11.11m for the year ended 31 December 2023 compared to RO 10.13m in 2022. Net investment in lease increased by 14.43% to RO 486.86m at 31 December 2023 compared to RO 425.45m at 31 December 2022. Due to strong

balance sheet and liquidity position, NFC repaid its perpetual bonds amounting to RO 18.2m on the first call date. NFC continues to adopt a prudent approach to credit approvals keeping in view the overall macroeconomic scenario and perceived increase in credit risk. NFC continues to improve its technological capabilities to be aligned with the digital transformation happening across the world and continues to remain a market leader amongst finance and leasing companies in the Sultanate of Oman.

**International General Insurance (IGI)**, During the year, the Group acquired additional 6% stake in International General Insurance (IGI) taking the total shareholding to 20.5%. Consequently, the Group has reclassified the investment in IGI from investment at fair value through other comprehensive income to investment in associate. IGI is an international specialty insurance and reinsurance group, registered in Bermuda and listed on the Nasdaq Capital Markets under the symbol "IGIC". IGI has a financial strength rating of "A-" (Strong) from S&P Global Ratings and "A" (Excellent) from AM Best with a Stable Outlook.

IGI's net income for the year ended 31 December 2023 increased by 32.5% rising to USD 118.2m from USD 89.2m in 2022. These outstanding achievements resulted in a historic combined ratio of 76.7%, marking the lowest full-year combined ratio in IGI's history. Additionally, the core operating return on average equity reached an impressive 28.1% for the 2023. These results demonstrated IGI's commitment to selective and disciplined underwriting practices, emphasizing lines of business with the most robust margins.

**Muscat Resorts LLC**, our real estate subsidiary, has successfully launched the 'LA VIE' project. This venture includes the development of a golf course, hotel, and residential units. Located in the emerging urban center of Madinat Al Irfan, the project occupies a prime spot in Muscat. The meticulously revitalized 18-hole golf course, managed by the renowned Troon, was inaugurated on 1 September 2023, promising an unparalleled golfing experience. Construction of the hotel and residential units is progressing ahead of schedule. Encouraging pre-launch sales

of the residential units demonstrates the strong acceptance of the project within the community.

**Other Key Investments** include investment in Ahli Bank SAOG contributed cash dividend income amounting to RO 1.5m. On 31 December 2023, private equity investments, which are focused on diverse sectors and expanding into new growth markets in Asia, amounted to RO 91m.

## Impact Beyond Profit

Ominvest's ESG strategy demonstrates a steadfast commitment to building a sustainable future. We've aligned our operations with global ESG standards, including Oman Vision 2040 and the UN SDGs. Our comprehensive Sustainability Reports for 2022 and 2023 detail our ambitious ESG targets and progress, as well as our commitment to reducing environmental impact, promoting social responsibility, and strengthening governance. A dedicated ESG framework, overseen by MIC and NREC committees, guides our actions.

Ominvest is firmly committed to its role as a responsible corporate citizen through impactful strategic partnerships and initiatives that have yielded positive corporate impact.

### Environmental Sustainability

Renewed our partnership with the Environment Society of Oman (ESO) reinforces our commitment to environmental conservation. This strategic partnership has yielded impressive results, including raising over RO 50,000 at the Annual ESO Ball fundraising event sponsored by Ominvest. Ominvest itself contributed RO 10,000 towards both the partnership and the ESO Ball sponsorship.

Our commitment to environmental stewardship took shape through our participation in the Arab Environment Day Beach Cleaning Drive, a collaboration with the Environment Society of Oman (ESO). This collective effort removed approximately 638 kgs of litter from the coastline, involving over 100 participants from various group

companies, fostering a cleaner and healthier environment.

### Youth Education and Entrepreneurship Empowerment

We take immense pride in partnered with Injaz Oman initiative. Through "The Company" program, we actively engaged 87 Omani youths. We invested RO 30,000 in this program. The program provided 1,044 hours of comprehensive training, fostering entrepreneurship skills among participants. This led to innovative solutions across various industries, including technology, tourism, recycling, education, and sports.

With the aim of empowering SMEs and entrepreneurs, we facilitated the participation of 20 SMEs in the Leadership and Management Forum organized by the Oman Academy for SMEs. This event, featuring former Irish Prime Minister Enda Kenny as the guest speaker, aimed to enhance leadership skills among local SMEs, fostering sustainability and growth. The sponsorship of this initiative amounted to RO 7,000.

We proudly supported the Ministry of Education's Educational Convoy, allocating RO 2,000 towards this endeavor. This initiative serves as a platform to showcase educational technological innovations across the Sultanate, as the convoy traverses different regions of Oman.

### Supporting People with Special needs

Our partnership with the Ministry of Social Development and the Oman Vision 2040 office, in establishing the People with Disabilities Lab, signifies our dedication to improving the quality of life for individuals with disabilities. Ominvest contributed RO 26,000 to the initiative which aims to positively impact over 42,000 individuals with disabilities in the Sultanate.

Our collaboration with the Ministry of Social Development and HDCD in the "Together for Them" project provided professional training to 84 candidates with diverse disabilities, resulting in employment opportunities. Ominvest supported five candidates with RO 15,000. The initiative

concluded successfully in 2023.

### Volunteering

In compliance with Ministerial Decision 205/2021 issued by the Ministry of Commerce and Industry, Ominvest allocated 20% of its CSR budget, amounting to RO 24,000, to Oman Charitable Organisation, demonstrating our ongoing commitment to positive community contributions. Ominvest remains committed to supporting non-profit organizations. Through a dedicated team from ORIS, the company provides ongoing volunteer project management services to support the construction of Al-Rahmah Association.

These strategic partnerships and initiatives exemplify Ominvest's unwavering commitment to ESG principles and corporate citizenship, reflecting our dedication to sustainability, social responsibility, and corporate positive impact.

## Acknowledgements

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

On behalf of the Board of Directors, I would like to thank the Financial Services Authority, Muscat Stock Exchange, and Central Bank of Oman for their continued support and guidance. I would also like to thank our dedicated employees at Ominvest and across our Group companies for their commitment and hard work.



**Khalid Muhammad AlZubair**  
Chairman

# 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 AlZubair**  
Chairman



**Sheikh Khalid Al Khalili**  
Deputy Chairman



**Eng. Jamal Al Hooti**  
Director



**Brigadier Jamal Al Tai**  
Director



**Muhammad Husam AlZubair**  
Director



**Dr. Rashid Al Balushi**  
Director



**Khaula Al Harthi**  
Director



**Najat Al Lawati**  
Director



**Evangelos Papadopoulos**  
Director

# Corporate Governance Report



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**Private and confidential**  
Our ref.: aud/km/zu/15434/24

## Agreed-Upon Procedures Report 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 ("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) are 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.

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.



Oman International Development and Investment Company SAOG  
Agreed Upon Procedures: Corporate Governance Report

**Practitioners' Responsibilities (continued)**

*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 Management 1, which requires the firm to design, implement and operate a system of quality management including 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 11 March 2021, on the compliance with the Code:

S. No	Procedures	Findings
1	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.
2	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 2023.  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 2023.	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  
7 April 2024

Enclosures:  
Oman International Development and Investment Company SAOG Corporate Governance Report

## Corporate Governance Report

Corporate governance serves as the cornerstone of how a company is managed and steered, delineating the rights and responsibilities among its stakeholders, including shareholders, the Board of Directors, management, committees, and employees. The Governance Management Framework establishes a structured approach and principles for effective oversight, decision-making, and accountability throughout the organization.

Ominvest's governance framework is anchored in ISO 37000, an internationally recognized standard providing guidance for governing bodies. This framework aids in clarifying the company's purpose and values, ensuring alignment of strategies with these foundational elements, and fostering value creation for all stakeholders. It outlines the necessary protocols and procedures for effective decision-making, defines objectives and strategies for attainment, and sets criteria for monitoring and evaluating the company's performance.

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 qualification requirements as per the 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 upcoming election is scheduled to take place during the AGM in 2024.

### Composition of the Board

As of 31 December 2023, 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 2023. These were held on 27 February, 03 May, 15 May, 13 August, 12 November and 12 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 require 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	5	Yes
Sheikh Khalid Abdullah Al Khalili	3	Yes
Jamal Shamis Al Hooti	6	Yes
Brigadier Jamal Said Al Tai	5	Yes
Khaula Hamood Al Harthi	6	Yes
Najat Ali Al Lawati	5	Yes
Dr. Rashid Ali Al Balushi	4	Yes
Evangelos Papadopoulos	6	Yes
Muhammad Husam Al Zubair(1)	5	-

(1) Elected on 30th March 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 the 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 2023
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 2023, the NREC consists of five (5) non-executive members, of which two (2) are independent and three (3) are non-independent. During the year 2023, the Committee met six (6) times on 21 February, 10 May, 06 August, 08 October, 05 November and 06 December and the attendance record of the members is tabled below.

Director	Position	Status	Meetings Attended During the Year
Khalid Muhammad AlZubair	Chairman	Non-Independent	6
Sheikh Khalid Abdullah Al Khalili	Deputy Chairman	Non-Independent	6
Najat Ali Al Lawati	Member	Independent	6
Evangelos Papadopoulos	Member	Independent	6
Muhammad Husam Al Zubair	Member	Non-Independent	4

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 2023, 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 2023, 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 2023, the ACRC met five (5) times. The meetings took place on 26 February, 11 May, 10 August, 08 November and 21 December and the attendance record is tabled below.

Director	Position	Status	Meetings Attended During the Year
Jamal Shamis Al Hooti	Chairman	Independent	5
Brigadier Jamal Said Al Tai	Deputy Chairman	Independent	4
Khaula Hamood Al Harthi	Member	Independent	5
Dr Rashid Ali Al Balushi	Member	Non-Independent	5

The Committee evaluated proposals received for the statutory audit of the Company in early 2023. 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 2023-2025 risk-based audit plan and recommended it for Board approval. The Committee periodically reviews the status of 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 and 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 30 March 2023, the Directors were paid a remuneration of Three Hundred Thousand Rial Omani (RO 300,000) for 2022.

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 Committees meetings held during 2023 were as follows:

Board	22,500
NREC	14,000
ACRC	9,500
<b>Total</b>	<b>46,000</b>

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

Remuneration for 2022 paid in 2023 and sitting fees paid for 2023 relating to individual Directors was (in RO):

Director	Sitting Fees				Remuneration for 2022	Total
	Board	NREC	ACRC	Total		
Khalid Muhammad AlZubair	2,500	3,000	-	5,500	46,153.846	51,653.846
Sheikh Khalid Abdullah Al Khalili	1,500	3,000	-	4,500	38,461.538	42,961.538
Jamal Shamis Al Hooti	3,000	-	2,500	5,500	30,769.231	36,269.231
Brigadier Jamal Said Al Tai	2,500	-	2,000	4,500	30,769.231	35,269.231
Khula Hamood Al Harthi	3,000	-	2,500	5,500	30,769.231	36,269.231
Najat Ali Al Lawati	2,500	3,000	-	5,500	30,769.231	36,269.231
Dr. Rashid Ali Al Balushi	2,000	-	2,500	4,500	30,769.231	35,269.231
Evangelos Papadopoulos	3,000	3,000	-	6,000	30,769.231	36,769.231
Muhammad Husam Al Zubair <sup>(1)</sup>	2,500	2,000	-	4,500	-	4,500
Al Wadhah Sulaiman Al Adawi <sup>(2)</sup>	-	-	-	-	30,769.231	30,769.231

(1) Elected on 30th March 2023

(2) Resigned on 3rd January 2023.

Directors' Remuneration proposed for 2023 is One Hundred and Fifty Rials Omani (RO 150,000/-) and this is subject to shareholders' approval at the AGM scheduled to be held on Saturday, 30 March 2024.

## 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 issues 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.

## Board Training

The Board of Directors, in conjunction with the Executive Management, participated in a comprehensive "Building Better Boards: Global Best Practices" program organized by the GCC Board Directors Institute (BDI) in Dubai, UAE, spanning three days from November 14 to 16, 2023. This specialized program delved into various topics and emerging trends pertinent to the industries evolving landscape, whilst providing valuable insights that served to reaffirm the pivotal role and impact of the Board.

## 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 2023, the company had Forty Three (43) full-time employees. The expenses (salaries, allowances, other statutory payments and bonuses) incurred for 2023 relating to the top (5) full-time Executive Management team of the company was Two Million Five Hundred and Seven and Nine Hundred and Sixty Nine Omani Rial Omani (RO 2,507,969).

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.

# Executive Management



**Abdulaziz Al Balushi**  
Group Chief Executive Officer (GCEO)



**Sanjay Kawatra**  
Deputy Group Chief Executive Officer (DGCEO)



**Waleed Al Yarubi**  
Chief Risk, Strategy and Governance Officer (CRSGO)



**Al Wadhah Al-Adawi**  
Chief Business Officer (CBO)



**Nasser Al Shibli**  
Chief Real Estate Officer (CREO)



**Chetan Kejriwal**  
Chief Financial Officer (CFO)



**Sarah Lashkoo**  
Company Secretary and Chief Legal Officer (CLO)



**Muneer Al Mughairy**  
Chief Audit Officer (CAO)

## PROFILE OF EXECUTIVE MANAGEMENT

The following are the profiles of the Executive Management as of 31st of December 2023:



### AbdulAziz Al Balushi Group CEO

AbdulAziz Mohammed Al Balushi is the Group Chief Executive Officer 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 is Deputy Chairman of Jabreen International Development Company SAOC; and a Board member at Oman Arab Bank SAOG, National Finance Company SAOG and Liva Group (formerly - National Life and General Insurance SAOG). 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 Deputy GCEO

Sanjay Kawatra has over 25 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.

Sanjay serves as Deputy Group Chief Executive Officer of Ominvest Group. He is responsible for managing Ominvest's Group investments. Previously, he was a partner in EY MENA and had 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 public listed and regulated companies such as Alizz Islamic Bank SAOC and Liva Group (formerly - National Life & General Insurance Company SAOG). He holds a Bachelor of Commerce and is a Member of the Institute of Chartered Accountants of India.



### Waleed Al Yarubi Chief Risk, Strategy and Governance Officer

Waleed is an accomplished executive with over two decades of leadership experience, currently holding the position of Chief Risk, Strategy and Governance Officer (CRSGO) at Ominvest. His expertise lies in providing strategic direction, overseeing company operations, and managing various critical functions, including Risk Management, Sustainability & ESG, Corporate Governance, Compliance, Information Security and Cybersecurity.

Moreover, Waleed plays a pivotal role in aligning Human Capital practices with global standards, championing innovative people management strategies, and fostering a culture centred on performance and continuous learning. His mandate extends to contributing to investment growth, maintaining shareholders' trust, ensuring business continuity, and fostering a thriving organisational culture.

Prior to joining Ominvest, Waleed held key leadership roles, including Group Head - Human Resources and Chief People Officer, at prominent business institutions in the Sultanate of Oman. He holds a master's degree in business administration from the University of Hull, a bachelor's degree with honours in finance management, and various certificates in innovation management, performance management, project management and risk management.

Waleed is driven by the aspiration to leverage his enthusiasm, creativity, and extensive experience to continue providing invaluable strategic leadership in high-profile positions.



### Al Wadhah Al Adawi

Chief Business Officer

Al Wadhah Sulaiman Al-Adawi currently serves as Chief Business Officer (CBO) at Ominvest. He most recently served as the Vice Chairman of S&T Group's Oil and Gas business (Hydrocarbon Finder E&P). He also has over 18 years of international experience managing global portfolios in leading Asset Managers such as Harvard Endowment and GLG Partners. He was also previously a board member at Ominvest.

Al Wadhah graduated Cum Laude (Honors) from Boston University where he earned a double major in Economics and Finance. He is also a Chartered Financial Analyst and holds the CFA designation since 2004.



### Nasser Al Shibli

Chief Real Estate Officer

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 and Finance Program from London Business School.



### Chetan Kejriwal

Chief Financial Officer

Chetan currently serves as Chief Financial Officer (CFO) at Ominvest. He is overall responsible for the financial strategic planning, implementation, managing and running of all the finance activities of Ominvest with the objective of steering the Ominvest group towards greater financial success and delivering increased shareholder value.

Chetan has over 20 years of intensive industry expertise in investment, banking, insurance, leasing, oil and gas and retail sectors. He possesses strong leadership skills to manage teams and collaborate with other departments within the organization.

He has a wealth of experience advising on matters related to business restructuring, investment accounting, process improvements, IPO's as well as mergers, acquisitions and reverse acquisitions. Chetan most recently served as a Partner in EY MENA and holds a Bachelor of Commerce from Mumbai University, India and is a Member of the Institute of Chartered Accountants of India



### Sarah Lashkoo

Chief Legal Officer and Company Secretary

Sarah joined Ominvest Group in June 2014 as the Head of Compliance Affairs. She has over 14 years of experience in commercial and corporate law, compliance, and governance. Sarah is currently the Chief Legal Officer and Company Secretary overseeing the Legal Department of Ominvest and its managed subsidiaries, along with handling all their Board related matters. Sarah's experience includes providing legal and regulatory advice to the Group in complex and cross border transactions, such as the Acquisition of RSA Middle East by National Life and General Insurance SAOG Transaction in 2022 and the Issuance of RO 52 million Perpetual Sukuk in Exchange of Ominvest SAOG Treasury Shares Transaction in 2021. Sarah is an active part of the community and a supporter of woman empowerment and has taken part in various awards and panels such as Muntada al Mará, 2022.

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. 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 and a certified Diploma in Corporate Governance from the Corporate Governance Institute in Ireland, UK.



### Muneer Al Mughairy

Chief Audit Officer

Muneer has 20 years of experience in Internal Audit, risk management and corporate governance. He joined Ominvest in September 2014. Muneer is leading Internal Audit at Ominvest Group. He is responsible for providing assurance and advisory services for OMINVEST and its group companies. Prior joining Ominvest, Muneer was leading Internal Audit at Takamul Group Investment company. He is a board member and a chairman of the audit committee in various companies. He is the chairperson of the Institute of Internal Auditors-Oman and member of the general assembly of Arab confederation institute of internal auditors. 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.

## 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.com](http://www.ominvest.com). 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 2023 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	33,392,546	5.00
(6,683,654 - 33,418,271)	1% to 5%	9	136,226,715	20.38
Below (6,683,654)	Below 1%	2,002	141,070,665	21.10
<b>Total</b>		<b>2,015</b>	<b>668,365,741</b>	<b>100.00</b>

### STATUTORY AUDITOR - KPMG LLC

The shareholders of the company appointed KPMG as its Statutory Auditors for 2023. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited, KPMG in Oman employs more than 160 people, amongst whom are six partners and five 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 has 273,000 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 2023, after their appointment as statutory auditors is RO 43,589. This amount represents RO 28,613 for the audit services and RO 14,976 paid for non-audit services.

### LEGAL ADVISOR - TROWERS & HAMLINS

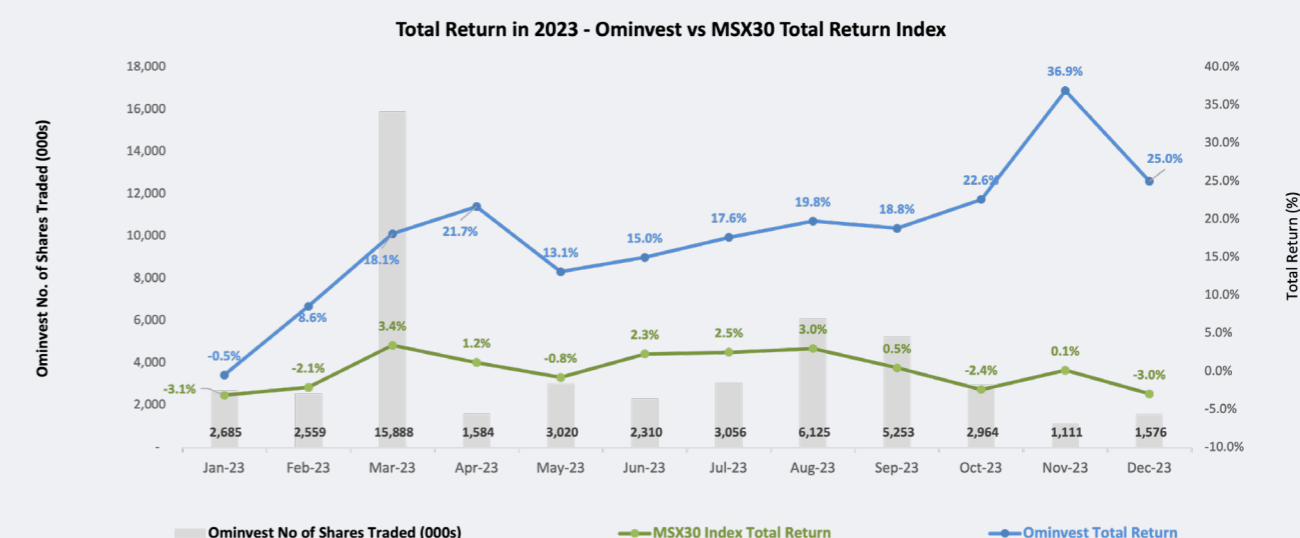
Trowers has been offering global experience and local expertise in the Sultanate of Oman for more than six decades.

Trowers opened office in Oman in 1980 and today they have a sizeable team permanently based in Oman. Their office in Muscat offers a combination of specialist legal skills and fluent local understanding. Trowers have a deep understanding and knowledge of the local market alongside the specialist skills that their clients need to succeed. Understanding local law in both letter and practice is a vital part of Trowers offering. Trowers have experts in corporate & commercial matters, banking and finance, dispute resolution, employment, construction, energy, and Islamic finance who are permanently based here in Oman, so their clients have the complete breadth of Trowers expertise at their fingertips.

From large local family businesses to leading multi-national companies - Trowers is proud that many of their client relationships span decades.

### MARKET PRICE DATA

The performance of the company's share price (Total Return) in 2023 versus MSX-30 Index is shown below:



Source: MSX

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

Ominvest Share Price Data	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
High	0.450	0.456	0.520	0.448	0.422	0.380	0.389	0.398	0.400	0.422	0.480	0.485
Low	0.416	0.410	0.460	0.404	0.370	0.334	0.371	0.373	0.390	0.390	0.395	0.420
Close	0.418	0.456	0.496	0.406	0.370	0.378	0.389	0.398	0.394	0.410	0.470	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, and the late receipt of an invoice; both instances were resolved amicably. No other penalties and strictures have been imposed on the Company by MSX, CMA or any other regulatory authority during the past (3) three years.

## ACKNOWLEDGEMENT BY THE BOARD

The Board acknowledges its responsibilities and confirms 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

Date: **1<sup>st</sup> April 2024**

## APPENDIX 1

### PARTICULARS OF DIRECTORSHIPS ON OTHER JOINT STOCK COMPANIES AND MEMBERSHIPS OF THEIR COMMITTEES AS OF 31 DECEMBER 2023

Director	Company	Position	Committee	Position
Khalid Muhammed AlZubair	Liva Group (formerly - National Life and General Insurance)	Chairman	NREC	Chairman
	Liva Insurance (formerly - Al Ahlia Insurance Company SAOG)	Chairman	N/A	N/A
Sheikh Khalid Abdullah Al Khalili	Jabreen International Investment Company SAOC	Chairman	NREC	Chairman
	Bank Nizwa SAOG	Chairman	EC and HRC	Member
	Oman Telecommunications Company SAOG	Director	SIC	Member
Brigadier Jamal Said Al Tai	Oman National Investments Development Company SAOC	Director	AC	Member
	National Bank of Oman SAOG	Director	ACRC	Member
Najat Ali Al Lawati	National Bank of Oman SAOG	Director	CC and ENRC	Member
	Oman Cement Company SAOG	Director	AC	Chairperson
Dr. Rashid Ali Al Balushi	National Finance Company SAOG	Director	RC	Member
Muhammad Husam Al Zubair	National Finance Company SAOG	Director	NREC	Member
Evangelos Papadopoulos	Jabreen International Investment Company SAOC	Director	ACRC	Chairman Member

NREC/ ENRC = Nomination, Remuneration and Executive Committee  
EC = Executive Committee  
NRC = Nomination and Remuneration Committee  
SIC = Strategy & Investment Committee  
AC = Audit Committee  
CC = Credit Committee  
RC = Risk Committee

# Management Discussion & Analysis Report

## Management Discussion and Analysis Report For the Year ended 31 December 2023

### 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.

### Business Model and Strategy:

Ominvest fortified its investment strategy amidst evolving economic conditions, underscoring a commitment to long-term value creation and capital preservation. Guided by a disciplined approach, we continued to invest in sustainable businesses with robust governance structures. Our focus remained steadfast on diversification, optimizing our financial services sector portfolio, and supporting strategic growth through technology and market consolidation. Internationally, we leveraged our expertise in high-growth markets, reinforcing our resilience against regional volatilities. Our subsidiaries and associates, leaders in their respective sectors, benefited from our strategic initiatives, driving our asset growth and ensuring a stable return for our shareholders. As we adapt to global business trends, ominvest remains dedicated to reducing concentration risks, demonstrated by our decreased reliance on the banking sector and increased international asset base. Looking ahead, we are poised to embrace new opportunities, driving forward with our proven track record of growth and uninterrupted dividends.

### Operational Highlights During 2023

Throughout 2023, ominvest demonstrated steady performance in a challenging economic climate. This year was marked by achieving several important milestones that highlight our strategic focus and resilience. The following section outlines these key operational developments, reflecting our ability to adapt and grow in a fluctuating economic landscape.

01

We strategically acquired an additional 6% stake in International General Insurance (IGI), taking our total shareholding to 20.5%. This acquisition led to a shift in classification of IGI from a fair value investment to an associate. IGI is an international specialty insurance and reinsurance group, listed on Nasdaq Capital Markets. Renowned for its diverse portfolio of specialty lines, and its broad operational footprint across several regions worldwide, it boasts strong financial strength with ratings of "A-" (Strong) from S&P Global Ratings and "A" (Excellent) from AM Best with a Stable Outlook.

02

In November 2023, we strategically acquired an additional 5.87% stake in Bank Muscat, elevating our share to 15% and marking us as the second-largest shareholder. This timely investment, now classified as an associate, underscores our confidence in the bank's growth potential and operational excellence. With Bank Muscat's net profit rising by 5.8% to RO 212.45m in 2023, our move aligns with our vision to capitalize on high-performing investments within Oman's financial sector.

03

In May 2023, ominvest completed the redemption of its perpetual bonds, listed on the Muscat Stock Exchange, valued at OMR 60.638 million with a 7.75% interest rate. The bonds were redeemed on June 6, 2023, including principal and accrued interest, followed by their delisting. This action, reflecting ominvest's strong financial health and liquidity, was a significant milestone in the company's fiscal strategy.

04

LIVA Group SAOG (former National Life & General Insurance Company SAOG), following its merger and acquisition with the RSA Middle-East, was successfully rebranded as LIVA Group. The rebranding involved a ticker update from 'NLIF' to 'LIVA'. The focus this year was on integrating operations across jurisdictions in the GCC, establishing a solid foundation for future growth. In line with agreed strategy, effective 1 October 2023, the entire Oman insurance operations of National Life & General Insurance Company SAOG and Al Ahlia Insurance Company SAOG has been combined into one operating entity. +The synergies from the merger are starting to show positive effects, especially from the second quarter of 2023. These improvements, along with the strategic expansion in the KSA market, are poised to significantly bolster LIVA Group's market position and financial performance going forward.

05

Capital Intelligence Ratings (CI) has raised our long-term international credit rating at 'BB+' and our outlook was revised from positive to stable. CI mentioned that ominvest's ratings continue to be supported by the Company's status as the leading listed investment company in the Sultanate of Oman, and as one of the largest in the GCC region. Other supporting factors are the good profitability recorded at the total comprehensive income (TCI) level, the Company's still moderate leverage and debt to equity ratios, the effective liquidity and high quality of the asset base, as well as the maturity profile of the debt funding base. CI mentioned that the ratings are still principally constrained by the sovereign ratings for the Sultanate of Oman, and it is very probable that ominvest ratings would be significantly higher than at present were the degree of sovereign constraint to be lessened. In terms of non-financial supporting factors, the Company has a strong and experienced management team, a well-defined strategy and investment philosophy, robust governance, and solid risk management architecture.

06

Muscat Resorts LLC, our real estate subsidiary, is embarking on a new real estate project 'LA VIE'. The project entails developing a golf course, hotel and residential units. The development is situated in the heart of Muscat's emerging urban center, Madinat Al Irfan, one of the capital's most sought-after locations. Terrace by LA VIE Club was officially open from 1 August 2023 and was opened to the public officially, while memberships were launched on 1 September 2023. Further, during this quarter, after detailed technical and commercial evaluations, the letter of intent for the hotel and residential units' construction has been issued.

## Key Performance Indicators:

In the fiscal year 2023, ominvest recorded a profit of OMR 40.1 million, translating to a return on equity (ROE) of 18.44%. The company has announced a 40% dividend distribution amounting to RO 26.7 million for 2023, which represents a payout ratio of 67% of the profits.

The dividend distribution comprises of a cash dividend of 20% and 20% in the form of mandatory convertible bonds (MCB), subject to approval of shareholders in the shareholders' meeting. The hybrid dividend is proposed to generously reward our esteemed shareholders as well as to continue fueling growth of ominvest. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.



## 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.

## Risk Management:

Ominvest has established a robust risk management framework based on the 'three lines of defense' model and a risk culture that is integrated into the overall business process and decision-making. Integral to this framework is a dedicated Risk Management department, operating independently to monitor the risk universe, providing assurance and advisory to stakeholders.

Utilizing a risk register tool, ominvest maintains a robust process of monitoring and managing enterprise risks. Investments constitute the core business activity, making it a key focus area. Ominvest monitors investment performance and market trends and takes appropriate action to remediate risks. It does so by actively engaging with portfolio companies through board participation and fostering close relationships with management teams to effectively manage risks. Additionally, ominvest maintains a diversified investment portfolio, enhancing its overall risk management strategy.

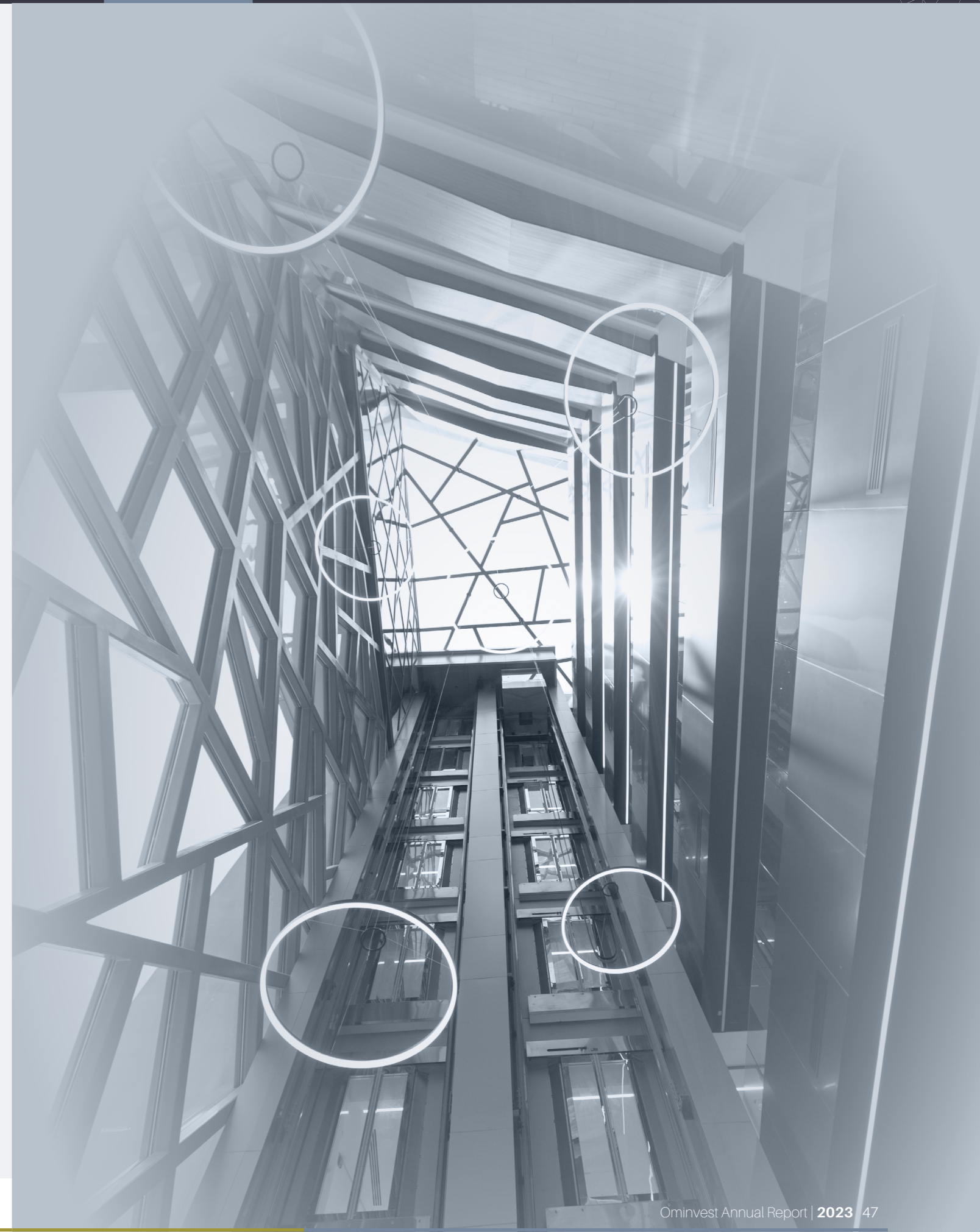
Ominvest also places significant emphasis on managing macro risk developments. To mitigate emerging risks effectively, the company employs timely strategies, such as through well-negotiated pricing structures and hedging strategies to effectively manage interest rate risk.

Recognizing the critical importance of funding and liquidity, ominvest ensures operational resilience through well-structured funding arrangements with multiple lenders. This is coupled with effective management of its assets and liabilities maturity profile, including a significant proportion of public-listed investments in its portfolio, which ensures a strong liquidity profile.

Regular risk updates are provided to the Management Investment Committee (MIC) and the Audit, Compliance, and Risk Committee (ACRC) of the Board, forming part of a robust risk governance structure and process.



**AbdulAziz Mohammed Al Balushi**  
Group CEO



## World Economic Forum (WEF):

As an associate partner of the World Economic Forum (WEF), Ominvest was honoured to participate in the 54th Annual Forum in Davos, Switzerland. Aligned with the overarching theme of 'Rebuilding Trust', Ominvest's delegation, led by Chairman Khalid Al Zubair, Deputy Group CEO Sanjay Kawatra, and Chief Business Officer AlWadhah Al Adawi, is dedicated to fostering meaningful partnerships, exploring new frontiers, and asserting its role as a thought leader within the financial services industry. By engaging in the Forum, Ominvest reaffirms its commitment to the ongoing development of Oman.

### **This strategic partnership offers a multitude of benefits that contribute to Oman's growth:**

- **Enhanced Global Recognition:** By associating with the WEF, Ominvest showcases Oman's potential to a worldwide audience, attracting foreign investment (FDI) and partnerships that fuel the nation's economic engine.
- **Exposure to Expertise and Networks:** WEF connects Ominvest with industry leaders and global experts tackling today's most pressing challenges. This invaluable access allows Ominvest to gain insights and best practices that can be applied to Oman's development goals.
- **Thought Leadership Platform:** WEF provides a stage for Ominvest to share its expertise and perspectives on financial services and the monetary industry. This influences global discussions and potentially leads to policies that benefit Oman's financial sector.
- **Data-Driven Investment Strategies:** WEF insights and partnerships can inform Ominvest's investment strategies, potentially leading to initiatives that contribute to Oman's economic diversification and job creation.

### Investing in a Sustainable Future

Beyond immediate benefits, Ominvest's WEF partnership reflects its commitment to a sustainable future for Oman. By collaborating with leading companies that address global challenges, Ominvest can contribute to solutions that benefit Oman and the wider world.

### About WEF Associate Partnerships

WEF Partnerships brings together select members through a series of integrated modules throughout the year and facilitates strategic decision-making for the participating partners by providing access to insights.

Partners comprise of leading global companies developing solutions to the world's greatest challenges. Through Forum Platforms, partners actively engage to shape the future through accessing networks and experts.

# Building a sustainability Future

Ominvest is committed to operating with purpose, driven by a robust sustainability strategy that integrates ESG principles into every aspect of our business. Aligning with global standards like Oman Vision 2040, UN SDGs, GRI, UN PRI, GCC Unified ESG Metrix, and MSX ESG Disclosure Guideline, we acknowledge the impact we have beyond our boundaries and strive for positive change. Our Sustainability Reports for 2022 and 2023 marked a significant milestone. They showcase our comprehensive approach to sustainability, highlighting, built through stakeholder engagement, industry benchmarking, and meticulous materiality analysis. This detailed report outlined our ambitious goals for reducing our environmental footprint, enhancing social responsibility initiatives, and strengthening governance. The Sustainability Report for 2023 can be navigated through our website [www.ominvest.com](http://www.ominvest.com) under our impact section.

We established a holistic ESG framework built on two pillars: Sustainable Operations and Responsible & Impact Investing. This framework, along with a dedicated ESG governance structure reporting to the Management Investment Committee (MIC) and the Nomination and Remuneration Executive Committee (NREC), ensures top-level commitment and effective implementation.

Our comprehensive Sustainability Policy guides the integration of ESG into our operations. It aligns with our sustainability strategy and facilitates efficient implementation and monitoring of Ominvest's ESG Framework. From eliminating single-use plastic bottles to implementing personalized reusable bottles and water coolers, we are actively reducing our environmental footprint. ESG Toolkits, crafted by our team to guide portfolio companies in integrating best practices, enhancing decision-making, and improving ESG performance.

Regular engagement with our ESG Champions across our diverse portfolio fosters a culture of sustainability. The inaugural ESG Champions forum signifies our commitment to collective progress, driving positive change together.

## Key Highlights:



Aligned with global ESG standards and frameworks



Comprehensive Sustainability Strategy and Reports



Established ESG governance structure and policy



Reduced environmental footprint through operational changes



Fostered a culture of sustainability through ESG Champions

# Impact Beyond Profit

Ominvest is firmly committed to its role as a responsible corporate citizen through impactful strategic partnerships and initiatives that have yielded positive corporate impact.

## Environmental Sustainability



## Supporting People with Special needs



## Youth Education and Entrepreneurship Empowerment



## People well being



# Financial Statements 2023



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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 (together referred to as "the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2023, 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 material 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 the Parent Company as at 31 December 2023, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Key Audit Matters (continued)

#### Insurance contract liabilities

See notes 2.5.ii, 2.7.29, 3.9, 7 and 8 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Measurement of gross insurance contract liabilities is a key audit matter due to the financial significance to the consolidated financial statements, and the inherent complexity involved within the estimation process. The gross insurance contract liabilities comprise premium provisions (liability for remaining coverage – LRC) and claims provisions (liability for incurred claims – LIC).</p> <p>The Group has applied the Premium Allocation Approach (“PAA”) for all groups of insurance contracts, except for Group credit life, Individual credit life, and individual life which is measured under the General Measurement Model (“GMM”) approach.</p> <p>The measurement process involves a number of actuarial estimation techniques. These techniques are reliant on historical data and a number of assumptions which are subjective in nature. Further, significant judgement is required in determining the appropriate measurement approach for distinct portfolios.</p> <p>Changes to estimation techniques and assumptions can lead to a material impact on the measurement of insurance contract liabilities and a corresponding effect on the separate and consolidated statement of profit or loss.</p> <p>Insurance contract liabilities measured using the PAA remain susceptible to a risk that an inappropriate amount of LIC is estimated due the following elements:</p> <ul style="list-style-type: none"> <li>• Methods to determine ultimate expected claims are inappropriately determined.</li> <li>• Assumptions used in estimating ultimate expected claims are inappropriately developed.</li> <li>• The methods, assumptions and data are inappropriately applied.</li> </ul> <p>Insurance contracts liabilities measured using the GMM remain susceptible to a risk that the LRC, the contractual service margin (“CSM”) and LIC is inappropriately estimated due to the following elements:</p> <ul style="list-style-type: none"> <li>• Methods and assumptions to determine future cash flows, CSM, discount rate and</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Performing walkthroughs to understand and assess the design effectiveness and implementation of the controls over the underwriting, claims payments and reserving (estimation of LIC and LRC) processes.</li> <li>• Testing operating effectiveness of key controls over underwriting, claims payments and reserving process, including IT general and application controls.</li> <li>• Holding discussions with finance and actuarial staff and management’s actuarial specialists to obtain an understanding of the following: <ul style="list-style-type: none"> <li>- LIC, LRC and CSM estimation methodology;</li> <li>- Key assumptions used and changes thereof; and</li> <li>- Transition approach and the process followed.</li> </ul> </li> <li>• Assessing the appropriateness of management’s assessment to determine the classification of groups of insurance contracts; and the selection of the appropriate measurement approaches.</li> <li>• Evaluating methods and assumptions to determine the appropriateness of ultimate expected claims including ultimate claim ratios. This included evaluating management’s methodology against market practice.</li> <li>• Performing an independent calculation of LIC for a sample of insurance contract groups to challenge management’s assumptions used within the LIC calculation.</li> <li>• Evaluating methods and assumptions used by management to estimate amount, timing, uncertainty of future cash flows and estimate discount rate and the CSM. This involved:</li> </ul>

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### Key Audit Matters (continued)

#### Insurance contract liabilities

See notes 2.5.ii, 2.7.29, 3.9, 7 and 8 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>ultimate expected claims are inappropriately determined.</p> <ul style="list-style-type: none"> <li>• The methods, assumptions and data are inappropriately applied.</li> </ul> <p>The measurement of these liabilities depends on complete and accurate data. If the data used in calculating the above insurance contract liabilities is not complete and accurate, then material impacts on financial statements may arise.</p> <p>Specific audit and actuarial expertise is required to evaluate complex actuarial methodologies and assumptions.</p> <p><u>Transition to IFRS 17</u></p> <p>Transition to IFRS 17 Insurance Contracts (“IFRS 17”) represents a material change to the recognition, measurement and presentation of insurance contracts. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”), the Group has recognized the impact upon transition to the new standard within equity and has restated the comparative financial information.</p> <p>IFRS 17 also introduced disclosure requirements which require considerable management effort and interpretation in the preparation of the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>- evaluating management’s methodology to estimate the discount rate and its re-calculation;</li> <li>- evaluating the reasonableness of projections of the cashflows and CSM;</li> <li>- performing evaluation of the reasonableness of roll forward of CSM.</li> </ul> <ul style="list-style-type: none"> <li>• Checking the mathematical accuracy of the application of methods, assumptions and data to measure the insurance contract liabilities.</li> <li>• Evaluating management’s method for determining expected premium receipts, including the methodology for allocation of expected premium receipts to the relevant accounting period.</li> <li>• Assessing the competence, qualification, independence and integrity of the Group’s external actuarial experts.</li> <li>• Considering the terms of engagement between management specialists and the Group to understand the scope of work to be performed by management specialists, and evaluating whether the scope addresses the specific requirements of IFRS 17 implementation.</li> <li>• Testing the completeness, accuracy and relevance of data used to determine LIC, LRC and the CSM balance.</li> <li>• Evaluating the new accounting policies adopted by the Group upon transition to IFRS 17. This involved challenging management on areas of judgement and methodology choices considering the IFRS 17 principles and market practice.</li> <li>• Assessing the completeness and accuracy of disclosures within the financial statements in respect of the transition, LIC, LRC and the CSM considering the disclosure requirements of IFRS 17.</li> </ul>

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Oman International Development and Investment Company SAOG  
Independent Auditors' Report  
31 December 2023

### Key Audit Matters (continued)

#### Impairment of investment in equity accounted investees

See notes 3.2, 3.4 and 10 of the consolidated and separate financial statements.

#### The key audit matter

The carrying value of the Group's equity accounted investees (associates) amounted to RO 537.9 million (RO 285.7 million of the Parent Company), representing 41% of the Group's total assets (35% of the Parent Company's total assets) as at 31 December 2023.

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.

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.

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.

#### How the matter was addressed in our audit

Our audit procedures, included:

- 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 based on the valuation technique considered. In addition, checking the investee's historical performance 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 information included in the Annual Report, but does not include the financial statements and our auditors' report thereon ("Annual Report"). We obtained the Directors' report, Management Discussion and Analysis Report and Corporate Governance report prior to the date of this auditors' report, and the remaining sections of the Annual Report are 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.



Oman International Development and Investment Company SAOG  
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### Other Information (continued)

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.

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.

### 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 Accounting 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

- 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.

### Report on Other Legal and Regulatory Requirements

Further, we report that financial statements of the Parent Company as at and for the year ended 31 December 2023, 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.

*KPMG*

Kenneth Macfarlane  
7 April 2024




KPMG LLC




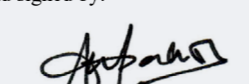
**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

	Notes	Group			Parent Company	
		2023 (RO'000)	2022 (RO'000) Restated*	1 January 2022 (RO'000) Restated*	2023 (RO'000)	2022 (RO'000) Restated*
<b>Assets</b>						
Cash and cash equivalents	5	68,941	90,034	46,636	3,016	16,122
Deposits with banks	6	138,657	160,292	52,500	-	5,287
Insurance contract assets	7	8,831	7,702	176	-	-
Re-insurance contract assets	8	38,553	53,561	11,460	-	-
Investment securities	9	358,757	574,715	208,246	6,012	5,421
Investments in associates	10	527,835	157,463	341,363	282,406	136,351
Investments in subsidiaries	11	-	-	-	438,776	410,076
Due from subsidiaries	12	-	-	-	68,849	92,992
Other assets	13	71,469	59,055	30,667	1,864	2,848
Investment properties	14	6,337	8,481	8,587	2,000	2,000
Property and equipment	15	19,296	15,012	22,883	748	805
Work in progress	16	11,815	13,788	-	-	-
Intangible assets	16	51,955	53,127	20,737	-	-
<b>Total assets</b>		<b>1,302,446</b>	<b>1,193,230</b>	<b>743,255</b>	<b>803,671</b>	<b>671,902</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Share capital	17	66,837	66,837	66,837	66,837	66,837
Share premium	19	5,778	5,778	5,778	5,778	5,778
Legal reserve	20	22,279	22,279	22,279	22,279	22,279
Other non-distributable reserves	21	11,278	12,190	7,801	11,278	12,190
Cumulative changes in fair value reserve		(2,987)	1,582	(14,090)	(726)	4,033
Retained earnings		90,226	131,653	117,959	88,638	131,575
<b>Equity attributable to equity holders of the Parent Company</b>		<b>193,411</b>	<b>240,319</b>	<b>206,564</b>	<b>194,084</b>	<b>242,692</b>
Perpetual bonds/sukuks	18	113,761	111,631	81,188	112,159	112,638
		307,172	351,950	287,752	306,243	355,330
<b>Non-controlling interests</b>	22	<b>79,471</b>	<b>77,099</b>	<b>14,562</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>386,643</b>	<b>429,049</b>	<b>302,314</b>	<b>306,243</b>	<b>355,330</b>
<b>Liabilities</b>						
Bank borrowings	23	635,738	493,133	349,556	454,538	285,496
Insurance contract liabilities	7	179,398	185,707	68,465	-	-
Reinsurance contract liabilities	8	29,941	14,273	621	-	-
Other liabilities	24	63,874	64,118	20,877	42,160	30,039
Taxation	25	6,852	6,950	1,422	730	1,037
<b>Total liabilities</b>		<b>915,803</b>	<b>764,181</b>	<b>440,941</b>	<b>497,428</b>	<b>316,572</b>
<b>Total equity and liabilities</b>		<b>1,302,446</b>	<b>1,193,230</b>	<b>743,255</b>	<b>803,671</b>	<b>671,902</b>
<b>Net assets per share (RO)</b>	26	<b>0.289</b>	<b>0.360</b>	<b>0.309</b>	<b>0.290</b>	<b>0.363</b>

The financial statements were authorised for issue by the Board of Directors on 1 April 2024 and signed by:

  
Khalid Muhammad AlZubair  
Chairman

  
Shiekh Khalid Abdullah Al Khalili  
Deputy Chairman

  
Abdul Aziz M. Al Balushi  
Group CEO

\*Restatement relates to mandatory adoption of IFRS 17 by insurance subsidiaries (refer note 2.6.ii)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Group		Parent Company	
		2023 (RO'000)	2022 (RO'000) Restated*	2023 (RO'000)	2022 (RO'000) Restated*
Insurance revenue	7	343,474	236,096	-	-
Interest income	27	13,246	7,625	5,354	6,135
Investment income / (loss) – net	28	47,338	58,195	19,979	(9,800)
Fee and commission income		5,311	3,929	-	-
Other operating income	29	11,405	2,587	249	293
Share of results of subsidiaries	11	-	-	30,177	71,473
Share of results of associates	10	21,989	21,161	11,452	8,631
<b>Total revenues</b>		<b>442,763</b>	<b>329,593</b>	<b>67,211</b>	<b>76,732</b>
Insurance service expense	7	(294,159)	(215,527)	-	-
Net reinsurance expense	8	(34,733)	(14,142)	-	-
Fee and commission expenses		(5,726)	(2,204)	-	-
Interest expense	30	(28,238)	(20,071)	(20,211)	(16,134)
Operating expenses	31	(33,133)	(26,905)	(6,720)	(10,314)
<b>Total expenses</b>		<b>(395,989)</b>	<b>(278,849)</b>	<b>(26,931)</b>	<b>(26,448)</b>
<b>Profit before tax</b>		<b>46,774</b>	<b>50,744</b>	<b>40,280</b>	<b>50,284</b>
Income tax	25	(2,990)	(1,401)	-	(598)
<b>Profit for the year</b>		<b>43,784</b>	<b>49,343</b>	<b>40,280</b>	<b>49,686</b>
<b>Profit for the year attributable to:</b>					
<b>Equity holders of the Parent Company</b>		<b>40,122</b>	<b>49,813</b>	<b>40,280</b>	<b>49,686</b>
Non-controlling interests		<b>3,662</b>	<b>(470)</b>	<b>-</b>	<b>-</b>
		<b>43,784</b>	<b>49,343</b>	<b>40,280</b>	<b>49,686</b>
<b>Basic and diluted earnings per share attributable to the equity holders of the Parent Company (RO)</b>	33	<b>0.049</b>	<b>0.063</b>	<b>0.049</b>	<b>0.062</b>
<b>Other comprehensive income:</b>					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Cash flow hedges – effective portion of change in fair value		(966)	2,834	(966)	2,834
Changes in fair value of debt instruments at fair value through other comprehensive income		421	(57)	395	(53)
Exchange differences on translation of foreign operations	32	32	(13)	32	(13)
<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		(5,564)	16,604	(4,853)	16,421
<b>Other comprehensive (expense) / income for the year</b>		<b>(6,077)</b>	<b>19,368</b>	<b>(5,392)</b>	<b>19,189</b>
<b>Total comprehensive income for the year</b>		<b>37,707</b>	<b>68,711</b>	<b>34,888</b>	<b>68,875</b>
<b>Total comprehensive income for the year attributable to:</b>					
Equity holders of the Parent Company		34,997	69,129	34,888	68,875
Non-controlling interests		2,710	(418)	-	-
		<b>37,707</b>	<b>68,711</b>	<b>34,888</b>	<b>68,875</b>

\*Restatement relates to mandatory adoption of IFRS 17 by insurance subsidiaries (refer note 2.6.ii)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023**

Group (Restated)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	Other Non-distributable reserves RO'000	Cumulative changes in fair value reserve			Retained earnings RO'000	Attributable to equity holders RO'000	Perpetual bonds / sukus RO'000	Sub-total RO'000	Non-controlling interests RO'000	Total RO'000
					RO'000	RO'000	RO'000						
At 1 January 2022, as previously reported	66,837	5,778	22,279	7,801	(14,090)	124,080	212,685	81,188	293,873	20,968	314,841	(12,527)	
Transition adjustment on implementation of IFRS-17 net of tax* (note 2.6.ii)	-	-	-	-	(6,121)	(6,121)	-	-	-	-	-	(6,406)	
At 1 January 2022 (Restated)	66,837	5,778	22,279	7,801	(14,090)	117,959	206,564	81,188	287,752	14,562	302,314		
Profit for the year	-	-	-	-	49,813	49,813	49,813	-	49,813	(470)	49,343		
Other comprehensive income for the year	-	-	-	2,821	16,495	19,316	19,316	-	19,316	52	19,368		
Total comprehensive income for the year	-	-	-	2,821	16,495	49,813	69,129	-	69,129	(418)	68,711		
Perpetual bonds / sukus transactions by subsidiaries	-	-	-	-	-	-	-	24,443	24,443	-	24,443		
Related to acquisition of subsidiaries	-	-	-	-	(2,775)	(2,775)	(2,775)	6,000	3,225	61,566	64,791		
Interest/profit paid on perpetual bonds / sukus	-	-	-	-	(7,823)	(7,823)	(7,823)	-	(7,823)	(111)	(7,934)		
Dividend paid relating to 2021 (note 42)	-	-	-	-	(20,051)	(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	-	-	-	-	(906)	(3,819)	(4,725)	-	(4,725)	-	(4,725)		
At 31 December 2022	66,837	5,778	22,279	12,190	1,582	131,653	240,319	111,631	351,950	77,099	429,049		
At 1 January 2023	66,837	5,778	22,279	12,190	1,582	131,653	240,319	111,631	351,950	77,099	429,049		
Profit for the year	-	-	-	-	40,122	40,122	40,122	-	40,122	3,662	43,784		
Other comprehensive expense for the year	-	-	-	(934)	(4,191)	(5,125)	(5,125)	-	(5,125)	(952)	(6,077)		
Total comprehensive (expense) / income for the year	-	-	-	(934)	(4,191)	(4,122)	34,997	-	34,997	2,710	37,707		
Redemption of perpetual bonds	-	-	-	-	-	-	-	(60,638)	(60,638)	-	(60,638)		
Dividend paid by issue of perpetual bonds (note 42)	-	-	-	-	(60,262)	(60,262)	(60,262)	60,159	(103)	-	(103)		
Interest/profit paid on perpetual bonds / sukus	-	-	-	-	(7,344)	(7,344)	(7,344)	-	(7,344)	-	(7,344)		
Dividend paid relating to 2022 (note 42)	-	-	-	-	(10,025)	(10,025)	(10,025)	-	(10,025)	-	(10,025)		
Perpetual bonds transactions by subsidiaries	-	-	-	-	-	-	-	2,609	2,609	-	2,609		
Transfer to / from retained earnings	-	-	-	22	(43)	-	-	-	-	-	-		
Share of equity accounted investee companies	-	-	-	-	(399)	(3,875)	(4,274)	-	(4,274)	(338)	(4,612)		
At 31 December 2023	66,837	5,778	22,279	11,278	(2,987)	90,226	193,411	113,761	307,172	79,471	386,643		

Restatement relates to mandatory adoption of IFRS 17 by insurance subsidiaries (refer note 2.6.ii)

**STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023**

Parent Company (Restated)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	Other Non-distributable reserves RO'000	Cumulative changes in fair value reserve			Retained earnings RO'000	Sub-total RO'000	Perpetual bonds / sukus RO'000	Total RO'000
					RO'000	RO'000	RO'000				
At 1 January 2022, as previously reported	66,837	5,778	22,279	7,801	(11,684)	122,420	213,431	112,638	326,069	(6,121)	
Transition adjustment on implementation of IFRS-17 net of tax*	-	-	-	-	-	(6,121)	(6,121)	-	-	-	
At 1 January 2022 (Restated)	66,837	5,778	22,279	7,801	(11,684)	116,299	207,310	112,638	319,948		
Profit for the year	-	-	-	-	49,686	49,686	49,686	-	49,686	-	49,686
Other comprehensive income for the year	-	-	-	2,821	16,368	19,189	19,189	-	19,189	-	19,189
Total comprehensive income for the year	-	-	-	2,821	16,368	68,875	68,875	-	68,875	-	68,875
Interest/profit paid on perpetual bonds / sukus	-	-	-	-	(8,383)	(8,383)	(8,383)	-	(8,383)	-	(8,383)
Dividend paid relating to 2021 (note 42)	-	-	-	-	(20,051)	(20,051)	(20,051)	-	(20,051)	-	(20,051)
Transfer to / from retained earnings	-	-	-	1,568	83	(1,651)	-	-	-	-	-
Share of equity accounted investee companies	-	-	-	-	(734)	(4,325)	(5,059)	-	(5,059)	-	(5,059)
At 31 December 2022	66,837	5,778	22,279	12,190	4,033	131,575	242,692	112,638	355,330		
At 1 January 2023	66,837	5,778	22,279	12,190	4,033	131,575	242,692	112,638	355,330		
Profit for the year	-	-	-	-	40,280	40,280	40,280	-	40,280	-	40,280
Other comprehensive expense for the year	-	-	-	(934)	(4,458)	(5,392)	(5,392)	-	(5,392)	-	(5,392)
Total comprehensive (expense) income for the year	-	-	-	(934)	(4,458)	40,280	34,888	-	34,888	-	34,888
Redemption of perpetual bonds	-	-	-	-	-	-	-	(60,638)	(60,638)	-	(60,638)
Dividend paid by issue of perpetual bonds (note 42)	-	-	-	-	(103)	(103)	(103)	60,159	60,159	-	60,159
Interest/profit paid on perpetual bonds / sukus	-	-	-	-	(7,437)	(7,437)	(7,437)	-	(7,437)	-	(7,437)
Dividend paid relating to 2022 (note 42)	-	-	-	-	(10,025)	(10,025)	(10,025)	-	(10,025)	-	(10,025)
Transfer to / from retained earnings	-	-	-	22	(43)	-	-	21	(43)	-	-
Share of equity accounted investee companies	-	-	-	-	(322)	(5,450)	(5,772)	-	(5,772)	-	(5,772)
At 31 December 2023	66,837	5,778	22,279	11,278	(726)	88,638	194,084	112,159	306,243		

\*Restatement relates to mandatory adoption of IFRS 17 by insurance subsidiaries (refer note 2.6.ii)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Group		Parent Company	
		2023 (RO'000)	2022 (RO'000) Restated*	2023 (RO'000)	2022 (RO'000) Restated*
<b>Operating activities</b>					
Profit before tax		46,774	50,744	40,280	50,284
<i>Adjustments for:</i>					
Depreciation on property and equipment	31	3,169	2,186	161	137
Amortization of intangible assets	31	1,600	1,061	247	310
Divided income		(15,872)	(7,782)	(160)	(709)
Share of results of associates	10	(21,989)	(21,161)	(11,452)	(8,631)
Share of results of subsidiaries	11	-	-	(30,177)	(71,473)
Profit on transfer of associate to FVTOCI / net of provision movement (Gain) / loss on sale of assets and on investment property		(9,911)	(48,239)	(9,911)	9,911
Change in the fair value of financial assets at fair value through profit or loss		(12,443)	1,547	(9,713)	255
Profit on sale of investments		(950)	1,396	(46)	372
Income from amortised cost investments		(7,255)	(5,377)	-	-
		(17,375)	(25,069)	(20,771)	(19,444)
<b>Changes in operating assets and liabilities</b>					
Investment securities		(106,603)	(64,196)	(121,454)	(840)
Due from subsidiaries		-	-	(25,357)	26,741
Other assets		(13,380)	5,318	984	2,683
Insurance contract assets		(1,129)	(10,557)	-	-
Re-insurance contract assets		15,008	(4,695)	-	-
Insurance contract liabilities		(6,309)	-	-	-
Reinsurance contract liabilities		15,668	(1,306)	-	-
Other liabilities		(1,210)	27,606	12,728	(9,092)
<b>Cash generated from / (used in) operations</b>		(115,330)	(72,899)	(153,870)	48
Tax paid		(1,147)	(1,537)	(307)	-
<b>Net cash generated from / (used in) operating activities</b>		(116,477)	(74,436)	(154,177)	48
<b>Investing activities</b>					
Investment in associates		(6,673)	-	-	-
Investment in subsidiaries		-	(40,418)	(1,429)	(2,993)
Dividend received from associates & investment securities		18,372	21,469	1,658	1,498
Dividend received from subsidiaries	11	-	-	44,820	14,940
Capital expenditure on investment property	14	(427)	(1,821)	-	-
Gain on disposal of an associate	10	-	(440)	-	820
Disposal of associate investment	10	-	12,768	-	1,460
Deposits withdrawn / (made)		21,635	8,256	5,287	(287)
Proceeds from disposal of assets and investment property		3,069	599	-	-
Acquisition of intangible assets		-	(29,492)	-	-
Additions to property and equipment and WIP		(7,799)	(12,966)	(104)	(112)
<b>Net cash (used in) / from investing activities</b>		28,177	(42,045)	50,232	15,326
<b>Financing activities</b>					
Bank borrowings (net)		142,605	137,423	169,042	5,336
Perpetual sukuk issue expenses		-	-	(103)	-
Payment related to perpetual bonds through equity		(7,344)	(7,943)	(7,437)	(8,383)
Perpetual bonds transactions by subsidiaries		2,609	-	-	-
Redemption of perpetual bonds		(60,638)	-	(60,638)	-
Addition of NCI		-	20,249	-	-
Addition to perpetual bonds		-	6,000	-	-
Disposal of perpetual bonds / sukuk by a subsidiary		-	24,443	-	-
Dividends paid (note 1)		(10,025)	(20,293)	(10,025)	(20,051)
<b>Net cash generated from / (used in) financing activities</b>		67,207	159,879	90,839	(23,098)
<b>Net change in cash and cash equivalents</b>		(21,093)	43,398	(13,106)	(7,724)
Cash and cash equivalents at the beginning of the year	5	90,034	46,636	16,122	23,846
<b>Cash and cash equivalents at the end of the year</b>	5	68,941	90,034	3,016	16,122

**Note 1:** In addition to cash dividend paid during the year, the Parent Company has issued perpetual bonds (refer note 18B) of RO 60.262 million as dividend to the shareholders.

Interest received was RO 13.246 million (2022: RO 7,625 million) and interest paid was RO 26.905 million (2022: RO 19.161 million). These are part of the operating cash flows of the Group.

Further, other material non-cash transactions are in relation the significant transactions during the year as disclosed in note 4D and 4E.

\*Restatement relates to mandatory adoption of IFRS 17 by insurance subsidiaries (refer note 2.6.ii)

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**
**1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

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 Stock Exchange (MSX). 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 consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), in compliance with 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 2023 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".

**2.2 Basis of presentation**

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

**2.3 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. Insurance and reinsurance contract assets and liabilities which are measured on the basis of fulfilment cashflows and contractual service margin.

**2.4 Functional and presentation currency**

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

**2.5 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The key areas of estimates and judgements the Group is using in its financial reporting are included in note 3.

## 2. BASIS OF PREPARATION *(continued)*

### 2.6 New and amended standards and interpretations to IFRS relevant to the Group

The following amendments to existing standards and framework have been applied by the Company in preparation of these financial statements:

#### i. Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 2.7 Material accounting policies (2022: Significant accounting policies) in certain instances inline with the amendments.

#### ii. 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").

The Group has applied IFRS 17 "Insurance Contracts" which replaces IFRS 4, including any consequential amendments to other standards, from 1 January 2023. The Group has restated comparative information for 2022 applying the transitional provisions to IFRS 17. This standard has brought significant changes to the accounting for Insurance and reinsurance contracts and financial instruments. Consequently, the Group has restated certain comparative amounts for the prior year. The nature of the changes in first time adoption of IFRS 17 are summarized, as follows:

#### *Changes to classification and measurement*

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group. The adoption of IFRS 17 did not materially change the classification of the Group's insurance contracts. The Group uses different measurement approaches, depending on the type of contracts, as follows:

Nature of Contracts	Product classification	Measurement model
General insurance contracts	Insurance contracts	PAA
Medical insurance	Insurance contracts	PAA
Short term life insurance contracts	Insurance contracts	PAA
Long term life insurance contracts	Insurance contracts	GMM
All reinsurance contracts held other than long term individual life	Reinsurance contracts	PAA
Long term individual life reinsurance contracts held	Reinsurance contracts	GMM

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

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;

## 2. BASIS OF PREPARATION *(continued)*

### 2.6 New and amended standards and interpretations to IFRS relevant to the Group *(continued)*

#### ii. IFRS 17 Insurance Contracts *(continued)*

- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately;
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

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

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

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

Under the GMM, groups of insurance contracts are recognised and measured at:

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

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

#### *Changes to presentation and disclosure*

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

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

## 2.7 MATERIAL 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 2023. 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.

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.

## 2. BASIS OF PREPARATION (continued)

### 2.7 MATERIAL ACCOUNTING POLICIES (continued)

#### 2.7.1 Basis of consolidation (continued)

##### **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.

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. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.2 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.

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.

**2.7.3 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.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.3 Financial instruments (continued)***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.

*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.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.3 Financial instruments (continued)****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.

**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.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.3 Financial instruments (continued)****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.

**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

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.3 Financial instruments *(continued)*

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.

#### **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.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.3 Financial instruments *(continued)*

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.

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*

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.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.3 Financial instruments *(continued)*

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.

#### **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.

#### 2.7.4 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:

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.4 Fair value measurement principles

- 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.

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.

#### 2.7.5 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. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.6 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 Company'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.

**2.7.7 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. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.8 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:

Land and buildings	-	up to 40 years
Furniture, fixtures and equipment	-	up to 10 years
Equipment and Motor vehicles	-	up to 5 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.

**2.7.9 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. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.10 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.

#### 2.7.11 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and money at call with original maturities up to three months or less. Restricted bank balances and deposits which are not available to meet the Company's short-term commitments are excluded from cash and cash equivalents.

#### 2.7.12 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.

#### 2.7.13 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.

#### 2.7.14 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 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. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.15 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

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.

#### 2.7.16 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. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.17 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.

**2.7.18 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.

**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.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.18 Revenue recognition (continued)***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
  - 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) 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.

*c) Sale of goods*

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

*d) Interest income*

Interest income is recognised in the statement of profit or loss using the effective interest rate method.

*e) Investment income*

Investment income consist of dividend income and fair value changes (realised / unrealised gain or loss) on investment securities. Dividend income is recognised when the Group's right to receive income is established.

*f) Other operating income*

This consist of foreign exchange gain and other one-off income generated by the Group.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.19 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.

#### 2.7.20 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.

#### 2.7.21 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. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.22 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.

#### 2.7.23 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.

#### 2.7.24 Earnings per share

The Group and the Parent Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic and Diluted 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 during the period.

#### 2.7.25 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.

#### 2.7.26 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 34.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.27 Capital Work-in-Progress

Capital work-in-progress is measured at cost less impairment, if any, and is not depreciated until it is transferred into one of the above categories or any such additional category which is deemed to appropriately reflect their useful lives, which occurs when the assets is ready for intended use.

Capital work-in-progress includes all expenditure incurred on license fee, process design, detailed engineering, construction, equipment, project management, legal fees, depreciation on right of use assets, interest on lease liability and other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Certain costs which are attributable to the project though cannot be identified to a specific asset are being charged to capital work-in-progress.

Interest costs on borrowings to finance the construction of qualifying assets are capitalised, during the period that is required to complete and prepare the asset for its intended use. All other finance costs are charged to the statement of profit or loss using the effective interest method.

#### 2.7.28 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.

#### 2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17)

##### 2.7.29.1 Insurance Contracts

###### i. Definition and classification

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

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. The Group does not have these type of contracts as at the reporting date.

The Group issues certain insurance contracts that include investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying investments are part of the Group's investment assets and the Group does not hold distinct investment assets attached to the insurance contracts. The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

Based on Group's assessment, the Group does not issue Insurance contracts with direct participation features which are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. Hence measurement model of Variable Fees Approach (VFA) is not applicable to the Group's insurance contracts.

The Group applies GMM for all its Long term life contracts including investment components in Savings and Participating products which comprises policyholder account values (surrender value) less applicable surrender fees.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17) *(continued)*

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

###### ii. Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into Groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a Group of remaining contracts or "Others". These Groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such Groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Group without performing an individual contract assessment.

The Group applies IFRS 17 to all components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts.

###### iii. Recognition and derecognition

###### (a) Insurance Contracts Issued

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

- the beginning of the coverage period (inception date);
- the date the first premium is due (or date first premium received in absence of contractual due date); and
- when the Group determines that a Group of contracts becomes onerous.

For profitable contracts, the use of the premium due or received date for balance sheet recognition does not have an impact in profit or loss until the beginning of coverage, which is the starting point for recognizing any insurance revenue and expenses. As a result, it is determined that a pragmatic approach to applying the IFRS 17 requirements would be to consider the inception date of coverage or the date of issuance of the contract (whichever is earlier) as the initial recognition date for groups of contracts.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

###### (b) Reinsurance contracts held

The Group cedes insurance risk in the normal course of business for a portion of risk it is insuring. Such reinsurance arrangements provide for greater diversification of business, allows management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17) (continued)****(b) Reinsurance contracts held (continued)**

Only contracts that meet the recognition criteria by the end of the reporting period are included in the Groups. When contracts meet the recognition criteria in the Groups after the reporting date, they are added to the Groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the Groups is not reassessed in subsequent periods.

**(c) Contract modification and derecognition**

An insurance contract is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met.

**iv. Measurement****(a) Fulfilment cash flows**

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a Group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the Groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

The Group accounts for the credit risk factor of receivables and related changes under insurance revenue in the measurement of Groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17) (continued)****(a) Fulfilment cash flows (continued)**

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to Groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the Group of reinsurance contracts held and such estimates for the Groups of underlying insurance contracts.

**(b) Insurance acquisition costs**

The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a Group of insurance contracts and that are:

- costs directly attributable to individual contracts and Groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the Group belongs, which are allocated on a reasonable and consistent basis to measure the Group of insurance contracts.

**(c) Allowances for claim liabilities**

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

**v. Measurement Model****Group of contracts measured under the General Measurement Model (GMM)**

The Group writes Long term Life insurance contracts in its Individual life, Individual Credit Life and Group credit life portfolios which are measured under the GMM. Similarly, all reinsurance contracts for these portfolios are also measured under the GMM.

**Group of contracts measured under the Premium Allocation Approach (PAA)**

The Group elects to measure all insurance and reinsurance contracts under the PAA wherever the eligibility criteria of para 53(a) & (b) has been fulfilled for its portfolios. Insurance Contracts written by the Group and its non-proportional reinsurance contracts held that have a coverage period of one year or less are automatically eligible for the PAA. Currently insurance contracts such as Group Life, Group Medical, Individual Medical-Oman and non-proportional reinsurance contracts are eligible and thus measured under the PAA. The Group does write some contracts that have a coverage period exceeding one year and proportional reinsurance contracts held which were not automatically eligible. These contracts were part of the Personal accident, Individual medical- UAE, Property, Motor (non-fleet), Casualty and Engineering insurance portfolios as well as various proportional reinsurance contracts held. For all such groups of contracts within the portfolio and reinsurance contracts, PAA eligibility test was carried out in which, the LFRC measured under the PAA and the GMM were projected over the lifetime of the contracts, considering different reasonable scenarios, to determine if the differences were significant. The Group has found that for all these contracts the PAA provided a reasonable approximation of the GMM and were thus the PAA measurement model was applied on these contracts.

In case of any changes in the term and conditions of the contracts or introduction of new contract with coverage period of more than one year, the Group will re-perform the PAA eligibility test.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17) *(continued)*

##### (vi) Best Estimate Liability (BEL)

The main cash flows included within the BEL are premiums, claims, directly attributable expenses and an allocation of overheads.

The carrying amount of a Group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the Liability for Remaining Coverage (LFRC); and
- b. the Liability for Incurred Claims (LIC), comprising the FCF related to past service allocated to the Group at the reporting date.

The carrying amount of a Group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the Assets for remaining coverage (AFRC); and
- b. the Assets for incurred claims (AIC), comprising the FCF related to past service allocated to the Group at the reporting date.

##### (vii) Liability for Incurred Claims

*The Group calculates the LIC for both GMM and PAA portfolios as follows:*

- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER.
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.
- Adjustment for the time value of money.
- Risk adjustment for non-financial risks.

##### (viii) Discount Rate

Discounting is a part of the LFRC estimates for GMM portfolios of the Group. For its PAA portfolios, the Group has not discounted the LFRC as the time between providing each part of the coverage and the related premium due date is expected, at initial recognition, to be less than a year. For some contracts that have a coverage period of more than a year (e.g. Individual Medical), the premiums are paid in advance and therefore discounting might be applicable however, the impact has been assessed and on the grounds of materiality, discounting is not applied.

The Group has applied discounting to LIC for both GMM and PAA portfolios as some of the claims are settled beyond 12 months from the date they are incurred. The Group has also applied discounting to the fulfilment cash flows related to future coverage used in the determination of the onerous loss for the onerous group of contracts.

The Group uses the Bottom-Up approach to determine the required discount rates on yield curve basis.

##### (ix) Risk Adjustment

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

## 2. BASIS OF PREPARATION *(continued)*

### 2.7 MATERIAL ACCOUNTING POLICIES *(continued)*

#### 2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17) *(continued)*

##### (ix) Risk Adjustment *(continued)*

The risk adjustment is required when calculating:

- the Liability for Incurred Claims (LIC) under both the PAA and the GMM;
- the Liability for Remaining Coverage (LFRC) under GMM; and
- the loss component for onerous groups under PAA.

The risk adjustment allows for stresses to the best estimate cash flows due to non-financial risk associated with all insurance contracts recognized under IFRS 17 (both inwards business and outwards reinsurance).

##### (x) Amounts recognised in comprehensive income

#### 1. Insurance service result from insurance contracts issued

##### Insurance revenue

As the Group provides services under the group of insurance contracts, it reduces the LFRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LFRC:
  - a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - amounts related to the loss component;
    - repayments of investment components;
    - amounts of transaction-based taxes collected in a fiduciary capacity; and
    - insurance acquisition expenses;
  - b. changes in the risk adjustment for non-financial risk, excluding:
    - changes included in insurance finance income (expenses);
    - changes that relate to future coverage (which adjust the CSM); and
    - amounts allocated to the loss component;
  - c. amounts of the CSM recognised in profit or loss for the services provided in the period; and
  - d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a Group of contracts.
- Insurance contract policyholders are charged for policy administration services and other contract fees. Insurance policy fees are considered as part of Insurance revenue and recognized as income over the period of service which is generally the period of the policy.
- For Groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts on straight line method.

**2. BASIS OF PREPARATION (continued)****2.7 MATERIAL ACCOUNTING POLICIES (continued)****2.7.29 Insurance contracts (as a result of first-time adoption of IFRS 17) (continued)****Expenses**

The majority of costs incurred by the Group are directly attributable to fulfilling insurance contracts and are either identified at an individual contract level, or allocated to a group of insurance contracts in a systematic and rational manner using reasonable and supportable information.

The Group classifies its expenses in three main categories of expenses as required under IFRS 17:

- Insurance acquisition costs: These include costs of selling, underwriting and starting a group of insurance contracts and should be directly attributable to the portfolio of insurance contracts to which the groups belong. The deferred part of these costs relating to contracts issued forms part of the Liability for remaining coverage (LFRC) and the amortization for each reporting period is included within Insurance service expenses.
- Incurred claims and claims handling expenses: These include known and expected (IBNR) claims, legal and loss adjusters' fees, internal costs of investigating claims and processing claims payments as well as salvage and subrogation (to the extent these are not recognized as a separate asset). The presumption is that these costs can easily be identified and allocated to portfolios and groups of insurance contracts that they are directly attributable to. These costs are included within the calculation of the Liability for Incurred Claims (LIC) and included within Insurance service expenses.
- Administrative costs: These include general administrative expenses directly attributable to the insurance servicing activity such as costs of billing premiums, handling policy changes and all fixed and variable overheads (e.g. accounting, HR, IT, building depreciation, rentals). These costs will be allocated to portfolios and groups of contracts using methods that are systematic, rational and consistently applied to all costs that have similar characteristics. Under the PAA model, these costs are recognized as incurred on an accruals basis, and expensed directly to the Statement of Profit or Loss as a component of Insurance service expense.
- *Specifically excluded costs* :

IFRS 17 sets out specific cash flows that should be excluded from the insurance contract measurement. These costs include items such as:

- Abnormal amounts of wasted labour or other resources.
- Costs that are not directly attributable to the portfolio of insurance contracts.
- Investment expenses.

The Group excludes all such costs from insurance contract measurement as required under IFRS 17.

**3. USE OF ESTIMATES AND JUDGMENTS**

The key areas of estimates and judgements the Group is using in its financial reporting are as follows:

**3.1 Measurement of fair values**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in the active market for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments that are valued based on quoted prices of similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**3.2 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 Bank Muscat SAOG, National Finance House B.S.C., Modern Steel Mill LLC and 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.

**3.3 Acquisition of associates**

The fair value of the consideration transferred and the fair value of the assets acquired and the liabilities assumed are measured at provisional basis for the new acquisition of associates (see note 4 for new acquisition of associates) until the purchase price allocation exercise is completed within 12 months from the date of transaction.

**3.4 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.

**3.5 Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. For each service offered by the Company, the revenue recognition policies are outlined in note 2.7.18 (Revenue recognition).

**3.6 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 deductible temporary differences and carried forward taxable losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carried forward taxable 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. USE OF ESTIMATES AND JUDGMENTS *(continued)*

#### 3.7 Impairment test of intangible assets and goodwill

The Group assesses whether there are any indicators of impairment for each Cash Generating Unit (CGU) at each reporting date and perform impairment testing for goodwill on annual basis. For impairment testing, all assets are grouped as one CGU. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

#### 3.8 Measurement of ECL allowance

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.

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. USE OF ESTIMATES AND JUDGMENTS *(continued)*

#### 3.9 Significant judgements and estimates in applying IFRS 17

##### Definition and classification

Judgement is required in order to determine whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, which measurement model is applicable:

- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk;
- Whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features;
- Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:
  - whether the pool of underlying items is clearly identified;
  - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
  - whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.
- For insurance contracts with a coverage period of more than one year and for which the entity applies the Premium Allocation Approach (PAA), the eligibility assessment as required by paragraphs 53(a), 54, 69(a) and 70 of IFRS 17 might involve significant judgement.

Judgement is involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts – whether the contract with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination;
- Separation – whether components in paragraphs 11–12 of IFRS 17 are distinct (that is, they meet the separation criteria); and
- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

##### Unit of account

Judgement is involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together).

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

- paragraph 17 of IFRS 17 – the determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by paragraph 16 of IFRS 17; and
- paragraphs 18 and 19 of IFRS 17 – judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of potential judgement.

For insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

### 3. USE OF ESTIMATES AND JUDGMENTS *(continued)*

#### 3.9 Significant judgements and estimates in applying IFRS 17 *(continued)*

The determination of whether laws or regulations constrain the Group's practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Group might include such contracts in the same group, disregarding the aggregation requirements set in paragraphs 14–19 of IFRS 17, is an area of judgement.

##### Recognition and derecognition

When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition. In particular, after the modification, judgement is applied to determine whether:

- significant insurance risk still exists;
- there are elements that are to be distinct from the contract;
- contract boundaries have changed;
- the contract would have to be included in a different group, subject to aggregation requirements; and
- the contract no longer meets the requirements of the measurement model.

##### Fulfilment cash flows

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17.

Judgements might be involved to determine when the Group is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.

Where features such as options and guarantees are included in the insurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.

The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses, because investment components should be excluded from those.

##### *Judgements applied for Modified retrospective approach for Transition*

After making reasonable efforts to gather necessary historical information, the Group has determined that for certain Groups of contracts, such information was not available or not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach, and the modified retrospective approach has been used for these Groups. The Group applied significant judgement in determining the transition amounts under these approaches.

##### *Judgements in applying the modified retrospective approach*

The Group has determined that transactional level data and annual actuarial assumptions are available as far as two years prior to the IFRS 17 transition date for PAA portfolios. For the GMM portfolios, all policies in a portfolio before the transition date from the earliest inception policy are bucketed into one cohort. The Group has used that threshold to apply the modified retrospective approach to all Groups of contracts in force as at transition date, where the full retrospective approach has not been applied as it was impracticable but the closest possible outcome could have been achieved using reasonable and supportable information.

### 3. USE OF ESTIMATES AND JUDGMENTS *(continued)*

#### 3.9 Significant judgements and estimates in applying IFRS 17 *(continued)*

##### *Revenue recognition*

Insurance revenue and reinsurance expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognised in consolidated statement of profit or loss for the insurance contract services provided or received in the year.

Areas of potential judgement are:

- the determination of the expected coverage period over which the CSM is allocated into consolidated statement of profit or loss for the services provided or received, that is, the determination of expected insurance coverage period;
- the determination of the coverage units provided or received in the current period and expected to be provided in future periods, including the determination of the relative weighting of the benefits provided by insurance coverage; and
- factoring in the time value of money when determining the equal allocation of the CSM to the coverage units provided or received.

An entity might apply judgement to determine whether the treatment of certain consequential insurance risks within Liability For Remaining Coverage (LRC) or Liability For Incurred Claims (LIC) reflects the most useful information about the insurance services provided by the entity to the policyholder.

For contracts measured under the General Measurement Model (GMM) in which the Group has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Group considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Group's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

##### Best estimate cash flows

The best estimate liability (BEL) represents the explicit, unbiased and probability weighted best estimate (expected value) of the future cash outflows minus the future cash inflows that arise when the Group fulfils its obligations with respect to the insurance contracts. The BEL, thus include the effects of discounting, allowing for financial risks (to the extent not included in the estimate of the cash flows).

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the Group:

- Can compel the policyholder to pay the premium; or
- Has a substantive obligation to provide the policyholder with coverage or other services.

A substantive obligation to provide services ends when the Group has the 'practical ability' to reassess the risks and can set a price or level of benefits that fully reflects those reassessed risks.

Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group applies the following principles:

- Where there is sufficient data, experience investigations are performed, with adjustments made for any trends as well as to account for external considerations and business strategy; or
- Where data is insufficient or lacks credibility, benchmarks and industry experience would be considered, with appropriate and justifiable adjustments. The Group makes use of estimates that are current by ensuring that:
  - Updates are made to assumptions such that they faithfully represent the conditions at the valuation date;
  - The changes in estimates faithfully represent the changes in conditions during the period; and
  - Future changes in legislation are not taken into account, unless they have been substantively enacted.

**3. USE OF ESTIMATES AND JUDGMENTS (continued)****3.9 Significant judgements and estimates in applying IFRS 17 (continued)**

The Group makes use of the following assumptions to project the cash flows for the non-life and group life business where required:

- Expected premium receipts pattern;
- Expected claims ratio;
- Expected attributable expense ratio;
- Expected bad debt;
- Expected incidence of risk; and
- Expected claims payment pattern.

The Group makes use of the following assumptions to project the cash flows for the life business:

- Expected premium receipts pattern;
- Mortality / morbidity rates;
- Persistency; and
- Expenses.

For the measurement of the LIC, the Group uses a blended approach (i.e. the chain-ladder, Bornhuetter Ferguson and expected loss ratio techniques are used) for calculating LIC for all direct lines of business. The Group performs the calculations using quarterly claims development for all portfolios except Motor and Medical where monthly claims development is used.

The calculations are performed using incurred claims except for the Medical business where the calculations are performed using paid claims. Incurred claims are set as paid claims plus the outstanding claims reserve. The outstanding claims reserves are set in line with the case estimates that are determined when a claim is reported. For the measurement of the inwards reinsurance LIC, the Group uses the expected loss ratio method given the small size of this portfolio.

Expenses related directly to the settlement of the claim are implicitly included in the claims estimates described above. Other overhead expenses deemed attributable to the settlement of the claim are determined using the Kittel method.

Future cash flows are adjusted for the time value of money as most claims take more than a year to be settled by the Group.

The approach used to accurately allow for non-performance would be to model the loss to be suffered on a default event and the probability of such an event occurring. Mathematically this could be expressed as:

Probability of default ("PD") x Loss given default ("LGD") x Exposure at default ("EAD")

Assumptions for PDs and LGDs should be set using market data at the valuation date.

The Group uses a range of macro-economic factors, forward-looking estimates and credit behavior of the reinsurer in the assessment of risk of reinsurers' non-performance. The Group periodically reviews and updates selected economic series and applies judgement in determining what constitutes reasonable and forward-looking estimates.

**Discount rates**

The discount rates for GMM portfolios were estimated as follows:

The risk-free yield curve was derived from the OMIBOR rates as at December 2023, adjusted to reflect the trend of the EIOPA yield curve. The illiquidity premium of 49 bps was then added to this to determine the final yield curve used for the IFRS 17 discounting.

The discount rates for PAA portfolios were estimated as follows:

The Group uses the Bottom-Up approach to determine the required discount rates. The Group has relied on the EIOPA spot yield curves as at the reporting period. In certain portfolios, the Illiquidity Premium of 41 bps was used based on the surrender or lapse rates of the portfolios. The Group also uses volatility adjusted USA risk free rates assuming that the volatility adjustment makes adequate allowance for any illiquidity risk premium. The yield curves are further loaded with country risk premium, based on the country risk premium loadings.

**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 had acquired additional stake as part of their expansion strategy in insurance/takaful sector.

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>
<b>Liabilities</b>	
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 (%)	56.12%
Net Assets Acquired	2,679
<b>Consideration</b>	
Purchase consideration in cash	4,747
Transfer from associate	11
Net consideration for acquisition	<u>4,758</u>
<b>Goodwill</b>	<b>RO'000</b>
Total consideration transferred for acquisition	4,758
Less: Net assets acquired	(2,679)
Less: Intangible assets	(352)
Goodwill at acquisition	<u>1,727</u>

During the year, the Group has completed its Purchase Price Allocation (PPA) exercise and the final fair values of identifiable assets are not different from the provisional values and the goodwill amounted to RO 1.727 million. The fair value of the Group's investment in the Takaful Oman, which is listed on the Muscat Stock Exchange (MSX) amounted to RO 6.7 million as at 31 December 2023.

**4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (continued)****B. ACQUISITION OF A SUBSIDIARY BY LIVA GROUP SAOG (LIVA) (former NATIONAL LIFE GENERAL INSURANCE COMPANY SAOG) AND STEP UP ACQUISITION OF AL AHLIA INSURANCE BY GROUP**

On 7 July 2022, LIVA 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 LIVA 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 share by LIVA, Ominvest Group's shareholding in LIVA 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.

The Group had acquired additional stake as part of their expansion strategy in insurance/takaful sector.

**Consideration transferred:**

Particulars	Units	Unit price	Amount RO '000	Share issue expenses RO '000	Net Amount RO '000
Cash			63,385	-	63,385
Share issued	133,374,342	0.100	13,337	-	13,337
Share premium	133,374,342	0.220	29,342	(166)	29,176
			<b>106,064</b>	<b>(166)</b>	<b>105,898</b>

In accordance with IFRS 3 'Business Combinations', LIVA is required a purchase price allocation (PPA) to be carried out within 12 months from the transaction date, 7 July 2022. At end of FY end 31 December 2022, LIVA recorded provisional goodwill amount of RO 25.163 million. Subsequently, the purchase price allocation was completed in the third quarter of 2023 and the net result was a goodwill of RO 24.717 million and Intangible assets of RO 2.772 million. The comparative statement of financial position has been restated to reflect the new goodwill balance. Following table summarizes the recognized amounts of assets acquired, and liabilities assumed at the date of acquisition at 30 June 2022.

**Goodwill**

Goodwill arising from the acquisition has been recognised as follows:

Total consideration transferred	RO '000	105,898
NCI based on their proportionate interest in the recognised amounts of the net assets and liabilities		34,266
Carrying value of net identifiable assets		(112,674)
<b>Total Allocable Purchase Premium after acquisition adjustments</b>		<b>27,490</b>
Less identified other intangibles (customer relationships and licenses)		(2,772)
<b>Goodwill at acquisition</b>		<b>24,718</b>

52.06% share of goodwill on acquisition belongs to the Group.

**4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (continued)****C. STEP ACQUISITION OF AN ASSOCIATE (BANK MUSCAT SAOG)**

During the year, the Group acquired additional stake in Bank Muscat SAOG (the Bank). After a comprehensive review of the relevant factors stipulated in IAS 28 it was concluded that Group maintains significant influence over the Bank. As a result, the Group changed its accounting classification of its investment in the Bank from FVTOCI to investment in an associate and accordingly, the fair value reserve prevailing as at the date of change in status, was released to retained earnings. As of the date of change in accounting classification, the Company held 15% of the share capital of the Bank. The Group had acquired additional stake as part of their expansion strategy in banking sector.

**D. STEP ACQUISITION OF AN ASSOCIATE (INTERNATIONAL GENERAL INSURANCE)**

During the year, the Group acquired additional 5.2% stake in International General Insurance Holding Ltd (IGIC), increasing its stake to 20.5%. Resultantly, the Group acquired significant influence over IGIC and the investment was reclassified from FVTOCI to an associate. The Group had acquired additional stake as part of their expansion strategy in insurance sector.

The Group recognised a gain on bargain purchase amounting to RO 3 million at the point in time when the significant influence was established, being the difference between the consideration paid / transfer price and the Group's share in IGIC's provisional fair value of assets. At this stage, management has performed initial accounting for the acquisition of IGIC by applying provisional purchase price allocation (PPA). The Group will recognise any adjustments to these provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

Bargain gain arising from the acquisition has been recognised as follows:

Total consideration transferred	RO '000	30,485
Fair value of our share of IGI's net identifiable assets		33,485
<b>Bargain gain</b>		<b>3,000</b>

## 5. CASH AND CASH EQUIVALENTS

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

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Balances with banks and money at call	68,941	90,034	3,016	16,122
	68,941	90,034	3,016	16,122

## 6. DEPOSITS WITH BANKS

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Deposits with banks and leasing companies				
- More than 3 months maturity	138,657	160,292	-	5,287
	138,657	160,292	-	5,287

6.1 As at 31 December 2023, insurance subsidiaries balances are held with commercial banks in the Sultanate of Oman, India and GCC countries, which are denominated in US dollars and various GCC currencies.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 7. INSURANCE CONTRACT ASSETS AND LIABILITIES

	Liabilities for remaining coverage - PAA		Liabilities for remaining coverage - GMM		LIC for Contracts under GMM		LIC for Contracts under PAA		Total
	Excluding loss component (RO'000)	Loss component (RO'000)	Excluding loss component (RO'000)	Loss component (RO'000)	Estimates of present value of future cashflows (RO'000)	Estimates of present value of future cashflows (RO'000)	Adjustment (RO'000)	Risk Adjustment (RO'000)	(RO'000)
Insurance contract liabilities as at 1 January 2023	48,449	4,195	12,546	38	2,175	114,767	3,537	185,707	
Insurance contract assets as at 1 January 2023	(8,265)	1,245	-	-	-	(901)	219	(7,702)	
<b>Net insurance contract (assets)/liabilities as at 1 January 2023</b>	<b>40,184</b>	<b>5,440</b>	<b>12,546</b>	<b>38</b>	<b>2,175</b>	<b>113,866</b>	<b>3,756</b>	<b>178,005</b>	
<i>Insurance revenue (a)</i>									
Included claims and other expenses	54,997	-	(3,054)	(23)	(2,082)	(30,636)	6,771	(343,474)	
Amortisation of insurance acquisition cash flows	-	(4,053)	9	-	-	334,346	-	344,855	
Losses on onerous contracts	-	2,002	-	9	-	232	(12)	(4,053)	
Changes to liabilities for incurred claims	-	-	-	-	(706)	(96,762)	(6,412)	(103,880)	
Investment components	-	-	(512)	-	512	-	-	-	
<i>Insurance service expenses (b)</i>	<b>54,997</b>	<b>(2,051)</b>	<b>(503)</b>	<b>(14)</b>	<b>3,567</b>	<b>237,816</b>	<b>347</b>	<b>294,159</b>	
<b>Insurance service result (a) + (b)</b>	<b>(252,705)</b>	<b>(2,051)</b>	<b>(3,557)</b>	<b>(14)</b>	<b>1,485</b>	<b>207,180</b>	<b>347</b>	<b>(49,315)</b>	
Insurance service expenses	-	-	463	2	14	2,747	184	3,410	
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(252,705)</b>	<b>(2,051)</b>	<b>(3,094)</b>	<b>(12)</b>	<b>1,499</b>	<b>209,927</b>	<b>531</b>	<b>(45,905)</b>	
<b>Cash flows</b>									
Premiums received	295,912	-	1,764	-	(6,042)	(66,932)	-	224,702	
Claims and other expenses paid	-	-	-	-	6,369	(140,722)	-	(134,353)	
Insurance acquisition cash flows	(51,203)	-	(103)	-	-	-	-	(51,306)	
Other movements	244,709	-	1,661	-	327	(577)	-	(577)	
<b>Total cash flows</b>	<b>244,709</b>	<b>-</b>	<b>1,661</b>	<b>-</b>	<b>327</b>	<b>(208,231)</b>	<b>-</b>	<b>38,466</b>	
Insurance contract liabilities as at 31 December 2023	33,514	3,389	11,113	26	4,498	122,635	4,223	179,398	
Insurance contract assets as at 31 December 2023	(1,327)	-	-	-	(497)	(7,071)	64	(8,831)	
<b>Net insurance contract (assets)/liabilities as at 31 December 2023</b>	<b>32,187</b>	<b>3,389</b>	<b>11,113</b>	<b>26</b>	<b>4,001</b>	<b>115,564</b>	<b>4,287</b>	<b>170,567</b>	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. REINSURANCE CONTRACT ASSETS AND LIABILITIES**

	Liabilities for remaining coverage - PAA	Liabilities for remaining coverage - GMM	LIC for Contracts under GMM	LIC for Contracts under PAA	Total (RO '000)
	Excluding loss component (RO '000)	Excluding loss-recovery component (RO '000)	Estimates of present value of future cashflows (RO '000)	Estimates of present value of future cashflows (RO '000)	
Reinsurance contract assets as at 1 January 2023	(10,042)	962	2,093	57,797	53,561
Reinsurance contract liabilities as at 1 January 2023	(11,068)	(13)	9	(3,773)	(14,273)
<b>Net reinsurance contract assets/(liabilities) as at 1 January 2023</b>	<b>(21,110)</b>	<b>949</b>	<b>2,102</b>	<b>54,024</b>	<b>39,288</b>
<i>An allocation of reinsurance premiums (a)</i>	(50,122)	(1,238)	-	(392)	(97,066)
Amounts recoverable for incurred claims and other expenses	-	-	1,044	51,699	54,631
Reversals of losses on onerous contracts	-	(524)	-	-	(524)
Loss-recovery on onerous underlying contracts and adjustments	-	233	(71)	(23,203)	8,188
Effect of changes in non-performance risk of reinsurers	-	-	-	38	38
<i>Amounts recoverable from reinsurers for incurred claims (b)</i>	-	(6)	973	28,534	62,333
<b>Net income or expense from reinsurance contracts held (a)+(b)</b>	<b>(50,122)</b>	<b>(1,244)</b>	<b>973</b>	<b>28,142</b>	<b>(34,733)</b>
Reinsurance finance income	-	107	9	835	(11,598)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(50,122)</b>	<b>(1,137)</b>	<b>982</b>	<b>28,977</b>	<b>(46,331)</b>
<b>Cash flows</b>					
Premiums paid	32,409	465	-	(819)	22,737
Amounts received	-	-	(382)	(34,264)	(7,081)
Total cash flows	32,409	465	(382)	(35,083)	15,656
Reinsurance contract assets as at 31 December 2023	(8,064)	277	2,702	31,874	38,553
Reinsurance contract liabilities as at 31 December 2023	(30,759)	-	-	16,043	(29,941)
<b>Net reinsurance contract assets/(liabilities) as at 31 December 2023</b>	<b>(38,823)</b>	<b>277</b>	<b>2,702</b>	<b>47,917</b>	<b>8,612</b>

**9. INVESTMENT SECURITIES**

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

	2023 (RO '000)	2022 (RO '000) Restated	2023 (RO '000)	2022 (RO '000)
			Parent Company	Parent Company
Financial assets at fair value through profit or loss (note a)	110,808	97,507	2,721	2,185
Financial assets at fair value through other comprehensive income (note b)	69,028	298,897	3,291	3,236
Investments at amortised cost (note c)	178,921	178,311	-	-
	<b>358,757</b>	<b>574,715</b>	<b>6,012</b>	<b>5,421</b>

**(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:

	2023 (RO '000)	2022 (RO '000) Restated	2023 (RO '000)	2022 (RO '000)
			Parent Company	Parent Company
<b>Quoted investments</b>				
<i>Local investments by sector</i>				
Financial sector	59,409	35,804	1,135	1,487
Industrial	1,542	465	1,309	419
Local quoted investments	60,951	36,269	2,444	1,906
Foreign quoted investments	996	12,524	71	68
Quoted investments	61,947	48,793	2,515	1,974
Unquoted local investments in a fund	982	7,297	-	-
Unquoted foreign investments	47,879	41,417	206	211
<b>Investments at fair value through profit or loss (FVTPL)</b>	<b>110,808</b>	<b>97,507</b>	<b>2,721</b>	<b>2,185</b>

**9. INVESTMENT SECURITIES (continued)****(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	
	2023 (RO'000)	2022 (RO'000) Restated	2023 (RO'000)	2022 (RO'000)
<b>Local investments</b>				
Quoted investments (cost)	33,528	250,219	1,535	2,300
Fair value reserve	2,461	8,144	-	(820)
Unquoted investments (cost)	1,982	1,130	1,713	861
Fair value reserve	3,878	4,731	-	852
Total local investments	41,849	264,224	3,248	3,193
<b>Foreign investments</b>				
Quoted investments (cost)	25,653	40,354	-	-
Fair value reserve	1,483	(5,805)	-	-
Unquoted investments (cost)	486	927	205	205
Fair value reserve	(443)	(803)	(162)	(162)
Total foreign investments	27,179	34,673	43	43
<b>Total investments at fair value through other comprehensive (FVTOCI) income</b>	<b>69,028</b>	<b>298,897</b>	<b>3,291</b>	<b>3,236</b>

**(c) Investment at amortised cost**

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Investment in an education sector entity (Note i)	20,392	19,852	-	-
Banks and corporate bonds	158,529	158,459	-	-
<b>Total investments at amortised cost</b>	<b>178,921</b>	<b>178,311</b>	<b>-</b>	<b>-</b>

**Note i**

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. Subsequent to the year end, the Group is in advanced stage of disposing this investment.

**10. INVESTMENT IN ASSOCIATES**

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

Group	Principal activities	Country of Incorporation/ Principal place of business	2023	2022
			Holding %	Holding %
<b>Quoted</b>				
Bank Muscat SAOG (refer note 4D) (i)	Banking	Sultanate of Oman	14.98	-
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
International General Insurance	Insurance	Bermuda	20.50	-
<b>Unquoted</b>				
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
Thawani Technologies LLC	Fintech	Sultanate of Oman	30.00	-
<b>Parent Company</b>				
	Principal activities	Country of Incorporation/ Principal place of business	2023	2022
			Holding %	Holding %
<b>Quoted</b>				
National Finance Company SAOG	Finance and leasing	Sultanate of Oman	34.60	34.60
Oman Arab Bank SAOG	Banking	Sultanate of Oman	30.99	30.99
Bank Muscat SAOG (refer note 4C)	Banking	Sultanate of Oman	6.40	-

All the Group's quoted associate companies' shares are listed on the Muscat Stock Exchange (MSX). The quoted price of investments in listed associate companies as of the reporting date amounted to RO 451 million.

- (i) Consequent to the shareholding in Bank Muscat SAOG and Oman Arab Bank SAOG, the Group owns proportionate share in Meethaq Islamic Banking and Alizz Islamic Bank SAOC.

**10. INVESTMENT IN ASSOCIATES (continued)**

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

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
At 1 January	157,463	341,363	136,351	147,138
Purchases	6,673	-	-	-
Share of results of associates	21,989	21,161	11,452	8,631
Dividends received	(2,509)	(13,687)	(1,498)	(1,498)
Gain on disposal of an associate	-	440	-	(820)
Disposal of associates	-	(12,768)	-	(1,460)
Impairment reversal / (provision)	9,911	(9,911)	9,911	(9,911)
Gain on transfer to FVTOCI	-	62,825	-	-
Transfer from/(to) FVTOCI	333,467	(224,998)	128,754	-
Other equity movement (net)	841	(6,962)	(2,564)	(5,729)
At 31 December	<u>527,835</u>	<u>157,463</u>	<u>282,406</u>	<u>136,351</u>

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

2023	Assets (RO'000)	Liabilities (RO'000)	Revenues (RO'000)
<b>Associates relating to the Parent Company</b>			
National Finance Company SAOG (NFC)	512,486	406,247	48,907
Oman Arab Bank SAOG (OAB)	4,019,003	3,502,027	120,241
Bank Muscat SAOG (BM)	13,673,371	11,318,516	512,821
<b>Associates relating to the Group</b>			
International General Insurance (IGI)	707,630	499,345	264,880
Horizon (AD) Investment Ltd	152,418	74,518	18,043
National Finance House B.S.C.	51,255	33,911	5,177
Modern Steel Mill LLC	18,428	3,038	31,701
EastBridge Partners PTE Ltd	2,404	356	1,439
Thawani Technologies LLC	2,293	2,059	188
<b>2022</b>			
<b>Associates relating to the Parent Company</b>			
National Finance Company SAOG (NFC)	451,144	332,515	43,487
Oman Arab Bank SAOG (OAB)	3,681,830	3,184,229	122,576
<b>Associates relating to the Group</b>			
Horizon (AD) Investment Ltd	136,888	67,271	27,622
National Finance House B.S.C.	54,031	36,734	5,004
Modern Steel Mill LLC	18,739	3,916	30,448
EastBridge Partners PTE Ltd	2,413	613	1,583

The carrying value of associates is as follows:

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Material associate companies	499,688	136,351	282,406	136,351
Other associate companies	28,147	21,112	-	-
	<u>527,835</u>	<u>157,463</u>	<u>282,406</u>	<u>136,351</u>

The Group's material associates are NFC, OAB, BM and IGI (2022: NFC and OAB) 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:

	Country of Incorporation / Principal place of business	2023 Holding %	2022 Holding %
Jabreen International Development Company SAOC (Principal activity: Investments)	Oman	100.00	100.00
Takaful Oman Insurance Company [note 4A] [note 11(i)] (Principal activity: Insurance)	Oman	56.12	56.12
Ubhar Capital SAOC [note 11(i)] (Principal activity: Brokerage and Investment banking)	Oman	66.00	66.00
Jabreen International Investment Company SAOC [note 11(iv)] (Principal activity: Investments)	Oman	100.00	-
Shamel Plastic Industries LLC (merged entity) [note 11(iii)] (Principal activity: Manufacturing)	Oman	51.65	51.65
Jabreen Capital Asia Pte. Ltd [note 11(iii)] (Principal activity: Investment activities)	Singapore	100.00	100.00
Liva Group SAOG (Principal activity: Insurance)	Oman	52.06	52.06
Liva Insurance BSC [11 (ii)] (Principal activity: Insurance)	Bahrain	100.00	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
Liva Insurance SAOC [note 11 (ii)] (Principal activity: Insurance)	Oman	100.00	100.00
Al Alamiya for Cooperative Insurance Company [note 11 (ii)] (Principal activity: Insurance)	KSA	50.07	50.07
OMINVEST International Holdings Limited (OIHL) (Principal activity: Investments)	UAE	100.00	100.00
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
Ominvest Capital DIFC Limited [note 11(v)] (Principal activity: Investment Banking)	UAE	100.00	-
National Security Services Group LLC (Principal activity: Cybersecurity)	Oman	60.00	60.00

- (i) These subsidiaries are held through Jabreen International Development Company SAOC.
- (ii) These subsidiaries are held through Liva Group SAOG. During the year, our subsidiary National Life and General Insurance Company SAOG was rebranded as Liva Group SAOG. In line with agreed strategy, effective 1 October 2023, the entire Oman insurance operations of the Liva Group has been combined into one operating entity.
- (iii) These subsidiaries are held through Jabreen International Investment Company SAOC.
- (iv) During the year, the Company has incorporated a fully owned subsidiary with the capital of RO 50 million (RO 0.5 million cash infusion and RO 49.5 million transfer of assets). The subsidiary manages the private equity portfolio of the Group.
- (v) During the year, the Company incorporated a new subsidiary in DIFC with a capital of USD 1 million. The new company has obtained a category 3C licence from DSFA.

**11. INVESTMENT IN SUBSIDIARIES (continued)**

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

Name of the subsidiary	Assets	Liabilities	Revenues
	(RO'000)	(RO'000)	(RO'000)
<b>2023</b>			
Liva Group SAOG	398,152	273,649	310,757
Jabreen International Development Company SAOC	381,710	86,011	66,575
Jabreen International Investment Company SAOC	99,460	45,075	9,004
Ominvest International Holding Limited	105,870	75,621	8,148
Oman Real Estate Investment and Services LLC	18,058	971	1,371
National Security Services Group LLC	370	226	697
Muscat Resorts LLC	16,415	6,693	199
Ominvest Capital DIFC Limited	409	59	-
Al Jabal Al Aswad Investment LLC	4	(88)	-
<b>2022</b>			
Liva Group SAOG	388,056	270,980	216,979
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	(90)	-

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

	Parent Company	
	2023 (RO'000)	2022 (RO'000)
At 1 January	410,076	338,144
Formation of a subsidiary (refer note 11[iv])	49,500	-
Purchases / investments	1,429	2,631
Share of results of subsidiaries	30,177	71,473
Dividends received	(44,820)	(14,940)
Others	(7,586)	12,768
At 31 December	438,776	410,076

**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 and Jabreen International Investment Company SAOC. Interest is charged at the rate 5.5% (2022: 5.5%) by the Parent company to these subsidiaries.

**13. OTHER ASSETS**

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000) Restated	2023 (RO'000)	2022 (RO'000) Restated
Interest and other receivables	8,383	21,744	-	-
Prepayments	694	687	234	115
Others	62,392	36,624	1,630	2,733
	<b>71,469</b>	<b>59,055</b>	<b>1,864</b>	<b>2,848</b>

**14. INVESTMENT PROPERTIES**

Group	Land and buildings (RO'000)
At 1 January 2022	7,359
Additions	1,821
Disposals	(143)
Realised gains on disposals	24
Realised loss during the year	(580)
At 31 December 2022	<b>8,481</b>
Additions	427
Disposals	(3,069)
Realised gains on disposals	498
At 31 December 2023	<b>6,337</b>

**Parent Company**

The Parent Company has a residential investment property which has a fair value of RO 2 million (2022: RO 2 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 million are beneficially owned by the Group but are registered in the name of Parent Company.

**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	<i>Income capitalization approach:</i> The model considers the net operating income of the property rentals projected and dividing by the capitalization rate.	<ul style="list-style-type: none"> <li>Yield rate of 9% (2022: 9%)</li> <li>Operational expenses of 6.5% (2022: 6.5%) of market rent</li> <li>Leasing fees of 3% (2022: 3%)</li> </ul>	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> <li>Yield was lower/ (higher);</li> <li>Operational expenses were lower (higher);</li> <li>Leasing fees were lower / (higher); or</li> </ul>
Plot No. 367, MBD East, G. Muttrah, Muscat	<i>Income capitalization approach:</i> The model considers the net operating income of the property rentals projected and dividing by the capitalization rate	<ul style="list-style-type: none"> <li>Yield rate of 7.5% (2022: 9%)</li> <li>Operational expenses of 11.67% (2022: 5%) of market rent</li> </ul>	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> <li>Yield was lower/ (higher); or</li> <li>Operational expenses were lower (higher).</li> </ul>

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.

**15. PROPERTY AND EQUIPMENT**

Group	Land and buildings (RO'000)	Furniture, fixtures and equipment (RO'000)	Equipment and Motor vehicles (RO'000)	Right of Use assets (RO'000)	Total (RO'000)
<b>Cost:</b>					
At 1 January 2023	8,628	13,793	408	1,024	23,853
Additions	-	4,542	-	810	5,352
Transfers from WIP	3,228	1,192	-	-	4,420
Disposals	(1,982)	(624)	(71)	(110)	(2,787)
<b>At 31 December 2023</b>	<b>9,874</b>	<b>18,903</b>	<b>337</b>	<b>1,724</b>	<b>30,838</b>
<b>Depreciation:</b>					
At 1 January 2023	903	7,342	266	330	8,841
Charge for the year	227	2,029	8	905	3,169
Disposals	(146)	(139)	(71)	(112)	(468)
<b>At 31 December 2023</b>	<b>984</b>	<b>9,232</b>	<b>203</b>	<b>1,123</b>	<b>11,542</b>
<b>Carrying value at 31 December 2023</b>	<b>8,890</b>	<b>9,671</b>	<b>134</b>	<b>601</b>	<b>19,296</b>
<b>Cost:</b>					
At 1 January 2022	7,941	9,567	406	355	18,269
Additions	49	1,629	-	192	1,870
Transfers	-	13	(13)	-	-
Disposals	-	(82)	-	(189)	(271)
Acquisition of subsidiaries	638	2,666	15	666	3,985
<b>At 31 December 2022</b>	<b>8,628</b>	<b>13,793</b>	<b>408</b>	<b>1,024</b>	<b>23,853</b>
<b>Depreciation:</b>					
At 1 January 2022	653	5,123	239	118	6,133
Charge for the year	157	1,723	27	279	2,186
Disposals	-	(75)	-	(67)	(142)
Acquisition of subsidiaries	93	571	-	-	664
<b>At 31 December 2022</b>	<b>903</b>	<b>7,342</b>	<b>266</b>	<b>330</b>	<b>8,841</b>
<b>Carrying value at 31 December 2022</b>	<b>7,725</b>	<b>6,451</b>	<b>142</b>	<b>694</b>	<b>15,012</b>

## 15. PROPERTY AND EQUIPMENT (continued)

	Land and buildings (RO'000)	Furniture, fixtures and equipment (RO'000)	Equipment and Motor vehicles (RO'000)	Right of Use assets (RO'000)	Total (RO'000)
<b>Parent Company</b>					
<b>Cost:</b>					
At 1 January 2023	630	5	-	830	1,465
Additions	104	-	-	-	104
<b>At 31 December 2023</b>	<b>734</b>	<b>5</b>	<b>-</b>	<b>830</b>	<b>1,569</b>
<b>Depreciation:</b>					
At 1 January 2023	323	5	-	332	660
Charge for the year	78	-	-	83	161
<b>At 31 December 2023</b>	<b>401</b>	<b>5</b>	<b>-</b>	<b>415</b>	<b>821</b>
<b>Carrying value at 31 December 2023</b>	<b>333</b>	<b>-</b>	<b>-</b>	<b>415</b>	<b>748</b>
<b>Cost:</b>					
At 1 January 2022	505	18	-	830	1,353
Additions	112	-	-	-	112
Transfers	13	(13)	-	-	-
<b>At 31 December 2022</b>	<b>630</b>	<b>5</b>	<b>-</b>	<b>830</b>	<b>1,465</b>
<b>Depreciation:</b>					
At 1 January 2022	269	5	-	249	523
Charge for the year	54	-	-	83	137
<b>At 31 December 2022</b>	<b>323</b>	<b>5</b>	<b>-</b>	<b>332</b>	<b>660</b>
<b>Carrying value at 31 December 2022</b>	<b>307</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>805</b>

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

## 16A WORK IN PROGRESS

	2023 (RO'000)	2022 (RO'000)
<b>Cost:</b>		
<b>1 January</b>	<b>13,788</b>	11,978
<b>Additions during the year</b>	<b>2,447</b>	1,810
<b>Transfer to PPE</b>	<b>(4,420)</b>	-
<b>31 December</b>	<b>11,815</b>	13,788

Capital work in progress represents the on-going development project of Integrated Tourism Complex (ITC) comprising of hotel and leisure and commercial facilities in Muscat Hills – Oman.

## 16B INTANGIBLE ASSETS

	Goodwill (RO'000)	Trade name (RO'000)	Hospital network (RO'000)	License (RO'000)	Others (RO'000)	Total (RO'000)
<b>Group</b>						
<b>Cost</b>						
At 1 January 2023	36,291	9,117	7,597	2,631	4,741	60,377
Additions	-	-	-	19	409	428
<b>At 31 December 2023</b>	<b>36,291</b>	<b>9,117</b>	<b>7,597</b>	<b>2,650</b>	<b>5,150</b>	<b>60,805</b>
<b>Amortisation:</b>						
At 1 January 2023	-	-	3,729	2,631	890	7,250
Charge for the year	-	-	506	-	1,094	1,600
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>4,235</b>	<b>2,631</b>	<b>1,984</b>	<b>8,850</b>
<b>Carrying value at 31 December 2023</b>	<b>36,291</b>	<b>9,117</b>	<b>3,362</b>	<b>19</b>	<b>3,166</b>	<b>51,955</b>
<b>Cost</b>						
At 1 January 2022	7,245	9,117	7,597	2,631	227	26,817
Acquisition of subsidiaries	29,046	-	-	-	4,624	33,670
Additions	-	-	-	-	128	128
Deletions	-	-	-	-	(238)	(238)
<b>At 31 December 2022</b>	<b>36,291</b>	<b>9,117</b>	<b>7,597</b>	<b>2,631</b>	<b>4,741</b>	<b>60,377</b>
<b>Amortisation:</b>						
At 1 January 2022	-	-	3,223	2,631	226	6,080
Charge for the year	-	-	506	-	555	1,061
Eliminated on revaluation	-	-	-	-	109	109
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>3,729</b>	<b>2,631</b>	<b>890</b>	<b>7,250</b>
<b>Carrying value at 31 December 2022</b>	<b>36,291</b>	<b>9,117</b>	<b>3,868</b>	<b>-</b>	<b>3,851</b>	<b>53,127</b>

- (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. Discount rates of 12.4% - 13.5% and terminal growth rate of 2% - 3% were used. No impairment provision was required as a result of impairment test.

## 17. SHARE CAPITAL

	2023 (RO'000)	2022 (RO'000)
Authorized 2,000,000,000 ordinary shares of RO 0.100 each (31 December 2022 – 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 2022 – 668,365,426 shares of RO 0.100 each)	66,837	66,837

**17. SHARE CAPITAL (continued)**

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

	2023		2022	
	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

**18A. 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.

**18B. PERPETUAL BONDS**

During the year, the Parent company exercised the option to call back its first perpetual bonds issued during June 2018 amounting to RO 60.6 million.

During the year, the Parent company distributed as dividend one perpetual bond of RO 1 for every 11.11 ordinary shares of 100bz held by the shareholders. Total perpetual bonds issued by the Parent company amounted to RO 60,152,904. These bonds are listed in the MSX and are transferable through trading. The bonds carry a fixed coupon rate of 5.25% per annum payable semi-annually in arrears and treated as deduction from equity. Parent Company has an option to skip the payment of interest. Any interest not paid due to such an election by the Parent Company shall not constitute as a liability for the Parent company.

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 18 April 2028 (the "First Call Date") or every 12 months thereafter.

**19. SHARE PREMIUM**

This reserve is available for distribution to the shareholders.

**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**

Group and parent company	Contingency reserve RO'000	Foreign currency revaluation reserve RO'000	Cash flow hedge reserve RO'000	Revaluation reserve RO'000	Total RO'000
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
Other comprehensive expense	-	32	(966)	-	(934)
Transfer (to) / from retained earnings	22	-	-	-	22
At 31 December 2023	9,096	(13)	2,030	165	11,278

**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 amounting to RO NIL (2022: RO 1,012,120) and 1% of the life assurance premiums for the year in case of life insurance business amounting to RO 44,724 (2022: RO 1,372,253) at the reporting date is transferred from retained earnings to a contingency reserve. The Parent Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any year until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

**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 cash flow hedge, for hedging the interest rate risk movement on SOFR. Movement in fair value of IRS has been recorded in cashflow hedge reserve.

**Revaluation reserve**

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

**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 the Group's subsidiary that has material NCI.

	<i>Liva Group SAOG</i>	
	2023 (RO'000)	2022 (RO'000)
<i>Statement of financial position</i>		
Total assets	398,364	388,056
Total liabilities	273,789	270,980
Net assets	124,575	117,076
Net assets attributable to NCI	59,721	56,126
Intangibles attributable to NCI	5,982	6,225
Grand total	65,703	62,351
<i>Statement of comprehensive income</i>		
Profit for the year	6,376	3,081
Other comprehensive income for the year (OCI)	1,123	4,542
<b>Total comprehensive income</b>	<b>7,499</b>	<b>7,623</b>
Profit allocated to NCI	3,057	1,477
OCI allocated to NCI	538	2,177
<b>Total comprehensive income allocated to NCI</b>	<b>3,595</b>	<b>3,654</b>
<i>Statement of cash flows</i>		
Cashflow from operating activities	(10,171)	18,888
Cashflow from investing activities	26,119	(53,227)
Cashflow from financing activities	(9,837)	67,849
<b>Net change in cash and cash equivalents</b>	<b>6,111</b>	<b>33,510</b>

**23. BANK BORROWINGS**

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

	<i>Group</i>		<i>Parent Company</i>	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Term loans	637,604	495,902	456,542	287,148
Less: Unamortised bank processing fees	(1,866)	(2,769)	(2,004)	(1,652)
	<b>635,738</b>	<b>493,133</b>	<b>454,538</b>	<b>285,496</b>

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

The movement in the term loans is as follows:

	<i>Group</i>		<i>Parent Company</i>	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
1 January	495,902	351,544	287,148	282,148
Long term loans obtained during the year	440,000	243,619	220,118	24,000
Repayment of long term loans made during the year	(307,715)	(129,406)	(64,224)	(36,500)
Net movement in short term loans	9,417	24,500	13,500	17,500
Related to acquisition of a subsidiary	-	5,645	-	-
31 December	<b>637,604</b>	<b>495,902</b>	<b>456,542</b>	<b>287,148</b>

**24. OTHER LIABILITIES**

	<i>Group</i>		<i>Parent Company</i>	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Lease liabilities (refer below)	3,815	2,326	483	562
Accrued expenses and other payables	51,716	54,921	7,695	7,118
Interest payable	3,270	1,937	2,151	916
Staff end of service benefits (refer below)	5,073	4,934	209	283
Due to subsidiary (OIHL)	-	-	31,622	21,160
	<b>63,874</b>	<b>64,118</b>	<b>42,160</b>	<b>30,039</b>

The movement in lease liabilities are as below:

	<i>Group</i>		<i>Parent Company</i>	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
At 1 January	2,326	340	562	633
Addition during the year	1,806	-	-	-
Accretion of the interest	198	23	34	42
Addition of a subsidiary	-	2,048	-	-
Repayment made during the year	(515)	(85)	(113)	(113)
	<b>3,815</b>	<b>2,326</b>	<b>483</b>	<b>562</b>

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

	<i>Group</i>		<i>Parent Company</i>	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
At 1 January	4,934	1,845	283	235
Addition of subsidiary	-	4,016	-	-
Charge for the year	2,026	815	67	104
Paid during the year	(1,887)	(1,742)	(141)	(56)
<b>At 31 December</b>	<b>5,073</b>	<b>4,934</b>	<b>209</b>	<b>283</b>

## 25. TAXATION

## (a) Recognised in the statements of comprehensive income

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000) Restated	2023 (RO'000)	2022 (RO'000)
<b>Statement of comprehensive income</b>				
Current tax				
- Current year	3,078	1,156	-	-
- Prior year	278	159	-	159
	<u>3,356</u>	<u>1,315</u>	<u>-</u>	<u>159</u>
Deferred tax				
- Current year	(402)	(64)	-	439
- Prior year	36	150	-	-
	<u>(366)</u>	<u>86</u>	<u>-</u>	<u>439</u>
Tax expense / (income)	<u>2,990</u>	<u>1,401</u>	<u>-</u>	<u>598</u>
<b>Statement of financial position</b>				
Current year	8,873	8,605	291	598
Deferred tax (asset) / liability	(2,021)	(1,655)	439	439
	<u>6,852</u>	<u>6,950</u>	<u>730</u>	<u>1,037</u>
Deferred tax asset / (liability)				
At 1 January	1,655	1,741	(439)	-
Movement for the year	366	(86)	-	(439)
At 31 December	<u>2,021</u>	<u>1,655</u>	<u>(439)</u>	<u>(439)</u>

The Group is subject to income tax at the rate of 15% of taxable income (2022: 15%).

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

	Parent Company	
	2023 (RO'000)	2022 (RO'000)
Profit before tax	<u>40,280</u>	<u>50,284</u>
Income tax at the rates mentioned above	6,042	7,543
Tax-exempt revenues	(9,301)	(12,211)
Non-deductible expenses	3,815	4,925
Deferred tax not recognised	560	955
Interest deduction on Tier 1 bonds and perpetual sukuk	(1,116)	(783)
Current tax-prior year	-	10
Deferred tax – prior year	-	159
Income tax (income) / expense	<u>-</u>	<u>598</u>

As of 31 December 2023, the Group and the Parent Company has not recognised deferred tax asset. The management, on a prudent basis, believes that the Group and the Parent Company may not have sufficient future taxable income to offset the deferred tax asset created in earlier years.

## 25. TAXATION (continued)

## Parent Company

The assessments of the tax returns filed for the years 2021 to 2022 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 2023.

## 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:

	2023 (RO'000)	Group 2022 (RO'000) Restated	2021 (RO'000) Restated	Parent Company 2023 (RO'000)	2022 (RO'000) Restated
	Equity attributable to shareholders of the Parent Company (RO'000)	193,411	240,319	206,564	194,084
Number of shares outstanding at the end of the year	668,365,426	668,365,426	668,365,426	668,365,426	668,365,426
Net assets per share (RO)	<u>0.289</u>	<u>0.360</u>	<u>0.309</u>	<u>0.290</u>	<u>0.363</u>

## 27. INTEREST INCOME

	Group 2023 (RO'000)	2022 (RO'000)	Parent Company 2023 (RO'000)	2022 (RO'000)
	Placements / deposits with banks and other money market placements	7,145	3,987	446
Other interest income	6,101	3,638	4,908	5,577
	<u>13,246</u>	<u>7,625</u>	<u>5,354</u>	<u>6,135</u>

## 28. INVESTMENT INCOME

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Dividend from investments	15,872	7,782	160	709
<i>Quoted local investments</i>				
Profit / (loss) on sale	(60)	(1,207)	46	(372)
Changes in fair value	12,289	(242)	9,595	(44)
<i>Quoted foreign investments</i>				
Profit / (loss) on sale	1,010	(189)	-	-
Changes in fair value	2	(14)	2	(14)
Income from amortized cost investments	7,255	5,377	-	-
<i>Unquoted local investments</i>				
Change in fair value	188	(348)	188	(197)
<i>Unquoted foreign investments</i>				
Changes in fair value	(36)	(943)	(72)	-
<i>Investment properties</i>				
Net gain / (loss) on investment properties	498	(556)	-	(100)
Rental income	649	706	149	129
Reversal / (impairment) provision	9,671	(14,586)	9,911	(9,911)
Gains on deemed disposal of associate	-	62,825	-	-
Reclassification of OCI reserve	-	(850)	-	-
Net gains from associates	-	440	-	-
	<b>47,338</b>	<b>58,195</b>	<b>19,979</b>	<b>(9,800)</b>

## 29. OTHER OPERATING INCOME

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Foreign exchange loss	(7)	(21)	(31)	-
Gross profit from subsidiaries in manufacturing business (refer below)	1,280	941	-	-
Bargain gain (refer note 4D)	3,000	-	-	-
Other income	7,132	1,667	280	293
	<b>11,405</b>	<b>2,587</b>	<b>249</b>	<b>293</b>

This consist of revenue and cost of sales from a manufacturing subsidiaries GAIL and SPIL which has revenue of RO 7,752 thousands (2022: RO 6,288 thousands) and cost of sales of RO 6,472 thousands (2022: RO 5,347 thousands).

## 30. INTEREST EXPENSE

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Bank borrowings	28,238	20,071	20,211	16,134

## 31. OPERATING EXPENSES

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Staff costs (refer below)	16,442	14,131	4,683	5,345
Other operating expenses	11,544	8,869	1,433	4,175
Depreciation	3,169	2,186	161	137
Amortisation	1,600	1,061	247	310
<i>Directors' sitting fees and remuneration:</i>				
Parent Company	196	347	196	347
Subsidiaries (net of intra-group adjustments)	182	311	-	-
	<b>33,133</b>	<b>26,905</b>	<b>6,720</b>	<b>10,314</b>
Staff costs:				
Salaries	11,597	6,658	2,463	2,532
End of service benefits	468	334	67	104
Social security costs	560	272	80	109
Other costs	3,817	6,867	2,073	2,600
	<b>16,442</b>	<b>14,131</b>	<b>4,683</b>	<b>5,345</b>

- (a) During the year, the Parent Company has recharged proportionate staff costs amounting to RO 679,235 (2022: 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.

**32. 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: SOFR.

31 December 2023	Positive	Negative	Notional	Within 3	3 - 12	More than
	fair value	fair value	amount	months	months	1 year
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps (hedge)	<u>2,030</u>	-	<u>45,238</u>	-	-	<u>45,238</u>
31 December 2022	Positive	Negative	Notional	Within 3	3 - 12	More than
	fair value	fair value	amount	months	months	1 year
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps (hedge)	<u>2,996</u>	-	<u>57,747</u>	<u>12,512</u>	-	<u>45,235</u>

**33. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of outstanding ordinary shares during the year. The number of outstanding ordinary shares during the year did not change.

	Group		Parent Company	
	2023 (RO'000)	2022 (RO'000)	2023 (RO'000)	2022 (RO'000)
Profit for the year attributable to equity holders	<b>40,122</b>	49,813	<b>40,280</b>	49,686
Less: Perpetual interest / expense	<b>(7,344)</b>	(7,823)	<b>(7,437)</b>	(8,383)
Profit for the year attributable to equity holders of the Group / Parent Company after interest / expense on Perpetual capital bonds (basic and diluted)	<b>32,778</b>	41,990	<b>32,843</b>	41,303
Weighted average number of shares outstanding during the year	<b>668,365,426</b>	668,365,426	<b>668,365,426</b>	668,365,426
Basic and diluted earnings per share (RO)	<b>0.049</b>	0.063	<b>0.049</b>	0.062

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

**34. 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 (RO '000)	Banking (RO '000)	Insurance (RO '000)	Real estate (RO '000)	Adjustments (RO '000)	Total (RO '000)
2023						
Segment revenues	<u>74,295</u>	<u>32,086</u>	<u>372,517</u>	<u>1,563</u>	<u>(37,698)</u>	<u>442,763</u>
Segment results	<u>26,726</u>	<u>30,610</u>	<u>17,960</u>	<u>(217)</u>	<u>(31,295)</u>	<u>43,784</u>
Segment assets	<u>766,766</u>	<u>449,308</u>	<u>504,838</u>	<u>34,448</u>	<u>(452,914)</u>	<u>1,302,446</u>
2022						
Segment revenues	<u>129,960</u>	<u>33,393</u>	<u>245,011</u>	<u>727</u>	<u>(79,498)</u>	<u>329,593</u>
Segment results	<u>84,856</u>	<u>33,393</u>	<u>3,530</u>	<u>(344)</u>	<u>(72,092)</u>	<u>49,343</u>
Segment assets	<u>845,359</u>	<u>316,826</u>	<u>416,104</u>	<u>35,512</u>	<u>(420,571)</u>	<u>1,193,230</u>

## 35. RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business, carries out transactions with other entities that fall within the definition of a related party as contained in International Accounting Standard 24. Transactions with related parties are entered at terms agreed with the management of the respective related parties, The aggregate amounts of balances with such related parties are as follows:

<i>Group - 2023</i>	<i>Directors</i>	<i>Associates</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>
<b>Statement of comprehensive income</b>				
Interest and other income	-	1,225	-	1,250
Interest expense	-	1,890	-	-
Directors sitting fees and remuneration	378	-	-	-
Premiums received	-	1,622	-	1,210
Claims paid	-	1,587	-	702
Operating expenses and capital expenditure	-	174	-	1,025
Staff cost	-	-	4,079	-
End of service benefits	-	-	244	-
<b>Statement of financial position</b>				
Borrowing arrangements, loans and advances	-	172,573	-	5,000
Current and other deposit accounts	-	5,978	-	-
Premiums and other receivables	-	249	-	74
Payables and deposits	-	2	-	-
<i>Group - 2022</i>				
	<i>Directors</i>	<i>Associates</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>
<b>Statement of comprehensive income</b>				
Interest and other income	-	1,097	-	14
Interest expense	-	4,057	-	-
Directors sitting fees and remuneration	658	-	-	-
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	-
<b>Statement of financial position</b>				
Borrowing arrangements	-	20,000	-	-
Current and other deposit accounts	-	36,899	-	963
Premiums and other receivables	-	212	-	287
Payables and deposits	-	1,582	-	426

## 35. RELATED PARTY TRANSACTIONS (continued)

## Parent – 2023

	<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>
<b>Statement of comprehensive income</b>					
Directors' sitting fees and remuneration	-	-	196	-	339
Dividend from Subsidiary companies	44,820	-	-	-	-
Dividend from Associates companies	-	1,498	-	-	-
Brokerage and other fees	197	-	-	-	-
Operating expenses	238	-	-	-	-
Interest income	4,569	446	-	-	-
Interest expenses	2,250	1,890	-	-	-
Premiums	157	-	-	-	-
Claims	48	-	-	-	-
Recharge of common staff cost	679	-	-	-	-
Staff cost	-	-	-	2,723	-
End of Service benefits	-	-	-	49	-
<b>Statements of financial position</b>					
Bank borrowings	-	105,867	-	-	-
Bank balances and deposits	-	2,512	-	-	-
Due from subsidiaries	68,956	-	-	-	-
Due to subsidiaries	31,714	-	-	-	-
Loan	908	-	-	-	-

## Parent – 2022

	<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>
<b>Statement of comprehensive income</b>					
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	-
<b>Statements of financial position</b>					
Bank borrowings	-	20,000	-	-	-
Bank balances and deposits	-	20,832	-	-	-
Due from subsidiaries	92,992	-	-	-	-
Due to subsidiaries	21,160	-	-	-	-
Investments	-	-	-	-	2,455

The Directors' sitting fees and remuneration and staff cost in the above tables are short term benefits of key management personnel. End of service benefits are post-employment benefits for key management personnel.

**36. FIDUCIARY ACTIVITIES**

Certain investments/assets are held beneficially for and on behalf of investors and accordingly are not treated as assets of the Group. These are included in the financial statements as off-balance sheet items.

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

	2023 RO'000	2022 RO'000
Amounts held in:		
Cash held for trust accounts	7,063	21,182
Securities held for discretionary trust accounts	237,468	229,958
Securities held for non – discretionary trust accounts	309,900	260,561
	<u>554,431</u>	<u>511,701</u>

The group's associate, EastBridge Partners PTE Ltd also has assets under management amounting USD 1,400 million (RO 539 million).

**37. CONTINGENT LIABILITIES & COMMITMENTS****Capital commitments**

At 31 December 2023, the Group has entered into a contract with a leading construction company in Oman to develop the LA VIE project for total cost of RO 26.3 million. The project is expected to be completed by December 2025.

**Contingencies**

At 31 December 2023, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Company amounting to RO 351,938 (2022: RO 389,195) 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.

**38. 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 82,985,483 (2022: RO 84,576,058). 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 (2022: 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, Saudi Arabia and Bahrain the Group has identified to the Insurance Authority, Abu Dhabi – UAE, The Ministry of Commerce and Industry, Kuwait, Saudi central bank and Central Bank of Bahrain respectively, in certain specific fixed deposits of RO 1,792,936 (2022: RO 1,736,005), RO 2,898,350 (2022: RO 3,216,850), RO 4,336,127 (2022: RO 4,709,628) and RO 312,523 (2022: 296,933) 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.

**39. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES**

Group – 2023	Sultanate of Oman		GCC		Rest of the world		Total	
	(RO'000)		(RO'000)		(RO'000)		(RO'000)	
<b>Assets</b>								
Cash and cash equivalents	16,130	48,856	3,955	68,941				68,941
Deposits with banks	68,872	69,785	-	138,657				138,657
Insurance contract assets	8,269	562	-	8,831				8,831
Re-insurance contract assets	16,690	21,863	-	38,553				38,553
Investment securities	119,352	106,625	132,780	358,757				358,757
Investments in associates	464,609	16,982	46,244	527,835				527,835
Other assets	65,963	5,011	495	71,469				71,469
Investment properties	6,337	-	-	6,337				6,337
Property and equipment	15,509	3,787	-	19,296				19,296
Work in progress	11,815	-	-	11,815				11,815
Intangible assets	51,936	19	-	51,955				51,955
<b>Total assets</b>	<u>845,482</u>	<u>273,490</u>	<u>183,474</u>	<u>1,302,446</u>				
<b>Liabilities</b>								
Bank borrowings	395,537	172,227	67,974	635,738				635,738
Insurance contract liabilities	73,140	106,258	-	179,398				179,398
Reinsurance contract liabilities	18,653	11,288	-	29,941				29,941
Other liabilities	38,549	970	24,355	63,874				63,874
Taxation	6,852	-	-	6,852				6,852
<b>Total liabilities</b>	<u>532,731</u>	<u>290,743</u>	<u>92,329</u>	<u>915,803</u>				

Group – 2022	Sultanate of Oman		GCC		Rest of the world		Total	
	(RO'000)		(RO'000)		(RO'000)		(RO'000)	
<b>Assets</b>								
Cash and cash equivalents	38,566	43,811	7,657	90,034				90,034
Deposits with banks	73,515	86,777	-	160,292				160,292
Insurance contract assets	7,212	490	-	7,702				7,702
Re-insurance contract assets	23,187	30,374	-	53,561				53,561
Investment securities	341,298	57,139	176,278	574,715				574,715
Investments in associates	139,947	12,706	4,810	157,463				157,463
Other assets	44,711	6,679	7,665	59,055				59,055
Investment properties	8,481	-	-	8,481				8,481
Property and equipment	12,302	2,644	66	15,012				15,012
Work in progress	13,788	-	-	13,788				13,788
Intangible assets	52,208	919	-	53,127				53,127
<b>Total assets</b>	<u>755,215</u>	<u>241,539</u>	<u>196,476</u>	<u>1,193,230</u>				
<b>Liabilities</b>								
Bank Borrowings	347,658	60,534	84,941	493,133				493,133
Insurance contract liabilities	75,712	109,995	-	185,707				185,707
Reinsurance contract liabilities	8,892	5,381	-	14,273				14,273
Other liabilities	64,118	-	-	64,118				64,118
Taxation	3,459	3,491	-	6,950				6,950
<b>Total liabilities</b>	<u>499,839</u>	<u>179,401</u>	<u>84,941</u>	<u>764,181</u>				

## 39. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES (continued)

	Sultanate of Oman (RO'000)	GCC (RO'000)	Rest of the world (RO'000)	Total (RO'000)
<b>Parent Company – 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	3,000	12	4	3,016
Investment securities	5,876	114	22	6,012
Investments in associates	282,406	-	-	282,406
Investments in subsidiaries	408,615	30,161	-	438,776
Dues from subsidiaries	68,849	-	-	68,849
Investments in properties	1,864	-	-	1,864
Other assets	2,000	-	-	2,000
Property and equipment	748	-	-	748
<b>Total assets</b>	<b>773,358</b>	<b>30,287</b>	<b>26</b>	<b>803,671</b>
<b>Liabilities</b>				
Bank borrowings	320,460	134,078	-	454,538
Other liabilities	42,160	-	-	42,160
Taxation	730	-	-	730
<b>Total liabilities</b>	<b>363,350</b>	<b>134,078</b>	<b>-</b>	<b>497,428</b>

	Sultanate of Oman (RO'000)	GCC (RO'000)	Rest of the world (RO'000)	Total (RO'000)
<b>Parent Company – 2022</b>				
<b>Assets</b>				
Cash and cash equivalents	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	381,489	28,587	-	410,076
Dues from subsidiaries	89,141	3,851	-	92,992
Investments in properties	2,000	-	-	2,000
Other assets	2,848	-	-	2,848
Property and equipment	805	-	-	805
<b>Total assets</b>	<b>639,127</b>	<b>32,699</b>	<b>76</b>	<b>671,902</b>
<b>Liabilities</b>				
Bank borrowings	275,871	9,625	-	285,496
Other liabilities	5,028	25,011	-	30,039
Taxation	1,037	-	-	1,037
<b>Total liabilities</b>	<b>281,936</b>	<b>34,636</b>	<b>-</b>	<b>316,572</b>

## 40. ASSETS AND LIABILITIES MATURITY PROFILE

	Less than one year (RO'000)	More than one year (RO'000)	No fixed term (RO'000)	Total (RO'000)
<b>Group – 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	68,941	-	-	68,941
Deposits with banks	70,518	68,139	-	138,657
Insurance contract assets	8,831	-	-	8,831
Re-insurance contract assets	33,297	5,256	-	38,553
Investment securities	20,392	158,529	179,836	358,757
Investments in associates	-	-	527,835	527,835
Other assets	65,507	25	5,937	71,469
Investments in properties	-	-	6,337	6,337
Property and equipment	-	-	19,296	19,296
Work in progress	-	11,815	-	11,815
Intangible assets	-	-	51,955	51,955
<b>Liabilities</b>				
Bank borrowings	244,026	391,712	-	635,738
Insurance contract liabilities	160,895	18,503	-	179,398
Reinsurance contract liabilities	29,941	-	-	29,941
Other liabilities	19,174	44,700	-	63,874
Taxation	6,852	-	-	6,852
<b>Group – 2022</b>				
<b>Assets</b>				
Cash and cash equivalents	90,034	-	-	90,034
Deposits with banks	139,392	20,900	-	160,292
Insurance contract assets	7,702	-	-	7,702
Re-insurance contract assets	45,666	7,895	-	53,561
Investment securities	-	178,311	396,404	574,715
Investments in associates	-	-	157,463	157,463
Investments in properties	-	-	8,481	8,481
Other assets	59,055	-	-	59,055
Property and equipment	-	-	15,012	15,012
Work in progress	-	13,788	-	13,788
Intangible assets	-	-	53,127	53,127
<b>Liabilities</b>				
Bank borrowings	154,150	338,983	-	493,133
Insurance contract liabilities	164,378	21,329	-	185,707
Reinsurance contract liabilities	14,273	-	-	14,273
Other liabilities	64,118	-	-	64,118
Taxation	6,950	-	-	6,950

40. ASSETS AND LIABILITIES MATURITY PROFILE *(continued)*

	<i>Less than one year (RO'000)</i>	<i>More than one year (RO'000)</i>	<i>No fixed term (RO'000)</i>	<i>Total (RO'000)</i>
<b>Parent Company – 2023</b>				
Cash and cash equivalents	3,016	-	-	3,016
Investment securities	-	-	6,012	6,012
Investments in associates	-	-	282,406	282,406
Investments in subsidiaries	-	-	438,776	438,776
Due from subsidiaries	-	-	68,849	68,849
Other assets	1,864	-	-	1,864
Investment properties	-	-	2,000	2,000
Property and equipment	-	-	748	748
<b>Liabilities</b>				
Bank borrowings	138,882	315,656	-	454,538
Other liabilities	42,160	-	-	42,160
Taxation	730	-	-	730

	<i>Less than one year (RO'000)</i>	<i>More than one year (RO'000)</i>	<i>No fixed term (RO'000)</i>	<i>Total (RO'000)</i>
<b>Parent Company – 2022</b>				
<b>Assets</b>				
Cash and cash equivalents	16,122	-	-	16,122
Deposits with banks	5,287	-	-	5,287
Investment securities	-	-	5,421	5,421
Investments in associates	-	-	136,351	136,351
Investments in subsidiaries	-	-	410,076	410,076
Investment properties	-	-	2,000	2,000
Other assets	2,848	-	-	2,848
Property and equipment	-	-	805	805
Due from subsidiaries	-	-	92,992	92,992
<b>Liabilities</b>				
Bank borrowings	79,741	205,755	-	285,496
Other liabilities	8,460	21,579	-	30,039
Taxation	1,037	-	-	1,037

## 41. FINANCIAL RISK MANAGEMENT POLICIES

## 41.1 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.

## 41.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk on cash and cash equivalents, deposits with banks, insurance contract assets, re-insurance contract assets, due from subsidiaries, other assets (excluding prepayments) and investment securities (measured at amortised cost).

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 39.

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

**41. FINANCIAL RISK MANAGEMENT POLICIES (continued)****41.2 Credit risk (continued)**

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

2023 – Group	<i>RO'000</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Cash and cash equivalents	68,941	-	-	68,941
Deposits with banks	138,657	-	-	138,657
Investment at amortised cost	173,215	5,706	-	178,921
Debt instruments carried at FVOCI	69,028	-	-	69,028
Other assets	71,649	-	-	71,649

2022 – Group	<i>RO'000</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Cash and cash equivalents	90,034	-	-	90,034
Deposits with banks	160,292	-	-	160,292
Investment at amortised cost	162,087	16,224	-	178,311
Debt instruments carried at FVOCI	298,897	-	-	298,897
Other assets	52,316	2,516	4,223	59,055

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 2023 and 2022.

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

**41. FINANCIAL RISK MANAGEMENT POLICIES (continued)****41.2 Credit risk (continued)****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.

**41.3 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.

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

2023 – Group	<i>RO'000</i>			
	<i>Less than one year</i>	<i>More than one year</i>	<i>No fixed terms</i>	<i>Total</i>
Bank borrowings	244,026	391,712	-	635,738
Insurance contract liabilities	160,895	18,503	-	179,398
Reinsurance contract liabilities	29,941	-	-	29,941
Other liabilities	19,174	44,700	-	63,874

2022 – Group	<i>RO'000</i>			
	<i>Less than one year</i>	<i>More than one year</i>	<i>No fixed terms</i>	<i>Total</i>
Bank borrowings	154,150	338,983	-	493,133
Insurance contract liabilities	164,378	21,329	-	185,707
Reinsurance contract liabilities	14,844	(571)	-	14,273
Other liabilities	61,598	2,520	-	64,118

2023 – Parent Company	<i>RO'000</i>			
	<i>Less than one year</i>	<i>More than one year</i>	<i>No fixed terms</i>	<i>Total</i>
Bank borrowings	138,882	315,656	-	454,538
Other liabilities	42,160	-	-	42,160

#### 41. FINANCIAL RISK MANAGEMENT POLICIES (continued)

##### 41.3 Liquidity risk (continued)

2022 – Parent Company	RO'000			
	Less than one year	More than one year	No fixed terms	Total
Bank borrowings	79,741	205,755	-	285,496
Other liabilities	8,460	21,579	-	30,039
	88,201	227,334	-	315,535

##### 41.4 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.

77% (2022: 86%) 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	
	2023 RO'000	2022 RO'000	2023 RO'000	2022 RO'000
Investments securities	12,625	58,582	12,162	9,555

Parent Company	Effect on equity		Effect on profit	
	2023 RO'000	2022 RO'000	2023 RO'000	2022 RO'000
Investments securities	305	296	276	191

#### 41. FINANCIAL RISK MANAGEMENT POLICIES (continued)

##### 41.4 Market risk (continued)

###### 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 138,657 thousands (2022: RO 166,696 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 38,725 thousands (2022: RO 47,935 thousands) which are subject to interest rate reset as per below table.

Year of reset	2023			2022		
	Face Value RO'000	Rate Change %	Impact RO'000	Face Value RO'000	Rate Change %	Impact RO'000
Year 2023	-	-	-	21,900	1%	218
Year 2024	4,410	1%	44	4,631	1%	46
Year 2025 to 2052	34,315	1%	343	21,405	1%	214

###### 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. 66% (2022: 37%) of the Group's deposits and cash and bank balances are denominated in foreign currencies, mainly US Dollars, Kuwaiti Dinars and UAE Dirhams.

##### 41.5 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 2023, the Parent company's strategy, which was unchanged from 2022, was to maintain the gearing ratio at an acceptable level. The gearing ratio at 31 December 2023 and 2022 for the Parent Company 58.91% and 43.27% respectively.

	2023 RO' 000	2022 RO' 000
Total borrowings	456,542	287,148
Less: cash and cash equivalents	(3,016)	(16,122)
Net debt	453,526	271,026
Total equity	306,243	355,330
Total capital	759,769	626,356
Gearing ratio	59.69%	43.27%

## 41.6 Insurance risk management

### Underwriting

Underwriting risk comprises insurance risk, policyholder persistency risk and expense risk. The Group manages its underwriting risk based on the underwriting policy as approved by the Board and Audit & Controls Committee. The Risk Management team monitors the adequate application of the policy and reviews the trends in pricing, loss ratios and underwriting risks. The Risk Management team is also involved in decisions made by the Board and Audit & Controls Committee on underwriting, pricing and market strategy.

The risk under insurance contracts 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; however, it can be predicted with a certain disclosed level of reliability.

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 contract liabilities. This could occur because the frequency or severity of claims and benefits or the amount of future expenses 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. The goal of the statistical methods is to minimize the deviation of actual figures from the expected figures.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of 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 to achieve a sufficiently large population of risks within each of these categories to reduce the variability of the expected outcome.

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

### Long-term insurance contracts (individual life and credit life portfolios)

#### (a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. Given that the Group's portfolio is small, large individual claims may also significantly impact the gross loss ratio.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The Group also manages mortality and disability risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants.

## 41.6 Insurance risk management (continued)

### Underwriting (continued)

#### b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior especially with respect to continued payment of premiums. The Group uses international mortality tables or reinsurance risk premium rates as estimates of mortality, given the absence of any published tables for insured lives in Oman.

In carrying out the liability adequacy test the Group uses estimates of the pattern of discontinuance of policies based on its experience in the past. The Group regularly measures and monitors the pattern of lapses and persistency.

#### 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 and 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.

##### (b) Frequency and severity

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.

#### Reinsurance risk

Consistent with other insurance companies, in order to minimise 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 minimise 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.

**41.6 Insurance risk management (continued)****Underwriting (continued)****(b) Frequency and severity (continued)**

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 to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

**Expense risk**

Expense risk is the risk of unexpected increases in policy maintenance, claim handling and other costs relating to fulfilment of insurance contracts. The risk is managed through budgeting and periodic cost evaluations.

**Changes from the previous period**

There were no significant changes in Group's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous period considering that year 2022 results are restated due to adoption of IFRS 17. Hence methods and assumptions for both years 2022 and 2023 remain the same.

**42. 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 April 2024, a cash dividend of RO 0.020 per share (2023 - RO 0.015 per share) amounting to RO 13,367,309 (2023 - RO 10,025,481) is proposed by the Board of Directors for the year ended 31 December 2023.

Additionally, the Board of Directors have also proposed to distribute one mandatory convertible bond (MCB) of 100bz to be issued for 5 ordinary shares of 100bz held by the shareholders. Total MCBs, subject to regulatory approvals, to be issued by the Company will amount to RO 13,367,309. These bonds will be listed on the Muscat Stock exchange, will carry an annual coupon of 6.5% and would form part of the Company's equity. Each MCB will be mandatorily converted to 0.25 equity shares at the fixed price of 400 bz per share without any option to either oinvest or bond holders and the end of three years.

During previous year, in addition to cash dividend, the Company distributed one perpetual bond of RO 1 for every 11.11 ordinary shares of 100bz held by the shareholders. Total perpetual bonds issued by the Company amounted to RO 60,152,904. These bonds were listed on the Muscat Stock exchange, carried an annual coupon of 5.25% and formed part of the Company's equity. These perpetual bonds do 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 2023 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 2024.

**43. 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 Stock Exchange (MSX) at the reporting date is set out below:

	<i>Carrying value (RO'000)</i>	<i>Market value (RO'000)</i>	<i>Difference (RO'000)</i>
Investments in associates and subsidiaries			
<b>2023</b>	<b>566,674</b>	<b>527,014</b>	<b>39,660</b>
<b>2022</b>	<b>200,404</b>	<b>171,314</b>	<b>29,090</b>

**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 2023 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 2023**

	<i>Level 1 (RO'000)</i>	<i>Level 2 (RO'000)</i>	<i>Level 3 (RO'000)</i>	<i>Total (RO'000)</i>
<b>Group</b>				
Financial assets at fair value through profit or loss	<b>61,947</b>	-	<b>48,861</b>	<b>110,808</b>
Financial assets at fair value through other comprehensive income	<b>63,125</b>	-	<b>5,903</b>	<b>69,028</b>
<b>Parent Company</b>				
Financial assets at fair value through profit or loss	<b>2,515</b>	-	<b>206</b>	<b>2,721</b>
Financial assets at fair value through other comprehensive income	<b>1,535</b>	-	<b>1,756</b>	<b>3,291</b>

**43. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****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	48,793	-	48,714	97,507
Financial assets at fair value through other comprehensive income	292,912	-	5,985	298,897
<b>Parent Company</b>				
Financial assets at fair value through profit or loss	1,979	-	206	2,185
Financial assets at fair value through other comprehensive income	1,480	-	1,756	3,236

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.

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.

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	
	Group	Parent	Group	Parent
	Level 3 (RO '000)	Level 3 (RO '000)	Level 3 (RO '000)	Level 3 (RO '000)
Opening balance	48,714	206	5,985	1,756
Additions made during the year	6,609	-	-	-
Disposals made during the year	(6,846)	-	(82)	-
Unrealised gain	673	-	-	-
Impairment of investment	(289)	-	-	-
Closing balance	48,861	206	5,903	1,756

**43. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****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.

**44. COMPARATIVE INFORMATION**

Certain comparative numbers have been reclassified / restated to conform with the presentation adopted in these financial statements.

	As previously reported RO '000	Reclassifications RO '000	As restated RO '000
<b>Assets</b>			
Investment properties	9,709	(1,228)	8,481
Property and equipment	27,573	(12,561)	15,012
Work in progress	-	13,788	13,788
Cash and cash equivalents	83,630	6,404	90,034
Deposits with banks	166,696	(6,404)	160,292

**45. SUBSEQUENT EVENTS AFTER REPORTING DATE**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.



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