

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023**1. Legal status and principal activities**

Oman United Insurance Company SAOG (“the Company”) (or “OUIC”) is incorporated as a public listed joint stock company in the Sultanate of Oman. The principal office of the Company is located at OUIC Building, Al Khuwair Street, Al Khuwair in the Sultanate of Oman. The Company is engaged in underwriting of general and life and medical insurance business and in repair and maintenance of motor vehicles within the Sultanate of Oman.

2. Summary of significant accounting policies**2.1 Basis of preparation**

The unaudited condensed interim financial information is prepared on the historical cost basis, except for available-for-sale investments and financial assets at fair value through profit or loss, which are measured at fair value. The unaudited condensed interim financial information complies with the disclosure requirements set out in the “Rules and Guidelines on Disclosure by issuer of Securities and Insider Trading” issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

This condensed financial information does not include all of the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to provide an understanding for the the change in the Company’s financial position and performance since the last annual financial statements.

The Company followed IFRS 4 Insurance Contracts for the preparation of these interim financial results as agreed with the Oman Insurance regulator (CMA). Moreover, the CMA in its letter dated 5 April 2023, has expressed no objection to insurance companies submitting unaudited interim financial statements complying with IFRS 17 within 60 days from the end of each quarter for the fiscal year 2023. Accordingly, the Company will subsequently issue unaudited interim condensed financial information after implementing IFRS 17 ‘Insurance Contracts’ for the first quarter of 2023 by 30 May 2023.

The unaudited condensed interim financial information has been prepared in accordance with the accounting policies disclosed in the Company’s audited financial statements as at and for the year ended 31 December 2022.

The preparation of unaudited condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unaudited condensed interim financial statements include the following:

- Allowance for doubtful debts
- Claims reported but unsettled
- Claims incurred but not reported
- Unearned premiums
- Mathematical reserve

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023 (continued)

3. Net underwriting result

	2023	2023	2023	2022	2022	2022
	General	Life &	Total	General	Life &	Total
	RO	medical	RO	RO	medical	RO
Revenue						
Gross written premiums	8,874,557	1,439,271	10,313,828	9,161,975	1,533,193	10,695,168
Reinsurance premium ceded	4,511,238	(843,024)	(5,354,262)	(5,504,546)	(905,851)	(6,410,397)
Net written premium	4,363,319	596,247	4,959,566	3,657,429	627,342	4,284,771
Movement in unearned premium reserve	(918,760)	(20,756)	(939,516)	(519,078)	(42,043)	(561,121)
Commission earned on reinsurance ceded	904,332	63,571	967,903	813,614	73,820	887,434
Total insurance revenue	4,348,891	639,062	4,987,953	3,951,965	659,119	4,611,084
Costs						
Gross claims paid	4,086,054	818,294	4,904,348	4,877,730	1,049,838	5,927,568
Reinsurance share	(930,712)	(551,697)	(1,482,409)	(1,978,627)	(729,368)	(2,707,995)
Net claims paid	3,155,342	266,597	3,421,939	2,899,103	320,470	3,219,573
Movement in outstanding claims reserve (net)	(14,087)	120,052	105,965	(567,816)	(77,396)	(645,212)
Net claims incurred	3,141,255	386,649	3,527,904	2,331,287	243,074	2,574,361
Commission expenses	625,960	164,837	790,797	532,703	143,013	675,716
Total insurance cost	3,767,215	551,486	4,318,701	2,863,990	386,087	3,250,077
Net underwriting result	581,676	87,576	669,252	1,087,975	273,032	1,361,007

4. General business

The general business underwriting results before reinsurance recoveries can be analysed as follows:

	3 months ended 31 March 2023		3 months ended 31 March 2022	
	Net written premium RO	Underwriting result before reinsurance recoveries RO	Net written premium RO	Underwriting result before reinsurance recoveries RO
Motor	4,013,170	(783,719)	3,333,524	(740,405)
Fire	40,380	44,811	31,817	(228,374)
Marine	15,950	389,172	18,206	(274,690)
Household & others	293,819	(178,371)	273,882	(1,881,544)
	4,363,319	(528,107)	3,657,429	(3,125,373)

Underwriting results are defined as gross written premiums less premiums ceded, less gross claims, less net commissions.

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023 (continued)

4. General business (continued)

The net claims ratios for the period are as follows:

	3 months ended 31 March 2023	3 months ended 31 March 2022
	(%)	(%)
Motor	90	77
Fire	9	(14)
Marine	115	38
Household & others	142	83
Overall loss ratio	93	76

The net loss ratio is calculated by dividing the net claims (gross claims paid less reinsurance and other recoveries) by the net premiums (gross written premiums less premiums ceded).

5. Life & medical business

	3 months ended 31 March 2023		3 months ended 31 March 2022	
	Net written premium	Underwriting result before reinsurance recoveries	Net written premium	Underwriting result before reinsurance recoveries
	RO	RO	RO	RO
Individual life	2,529	1,040	454	593
Group life	28,862	(179,477)	23,426	(159,520)
Medical	564,856	(11,420)	603,462	(680,752)
	596,247	(189,857)	627,342	(839,679)

6. Investment income

	31 March 2023	31 March 2022
	RO	RO
Dividend income	442,311	170,982
Interest income	605,755	693,275
Fair value (loss)/gain on financial assets at fair value through profit or loss	273,006	63,065
Brokerage on purchase of shares	(3,100)	(4,598)
Total	1,317,972	922,724

6A. Other operating income

	31 March 2023	31 March 2022
	RO	RO
Rental income from investment property	38,178	38,848
Other income	160,762	137,675
	198,940	176,523

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023 (continued)

7. Investment

A) Associates - nil

B) Investments – financial assets at fair value through profit or loss - quoted (local & foreign)

	Market value on 31 March 2023	Market value on 31 March 2022	Book value on 31 March 2023	Book value on 31 March 2022	Book value / Fair value on 31 December 2022	Cost on 31 March 2023
<i>Securities</i>	RO	RO	RO	RO	RO	RO
Banking (local)	3,752,077	2,058,169	3,752,077	2,058,169	3,765,825	3,714,647
Investments	2,617,047	43,677	2,617,047	43,677	2,472,317	2,036,000
Services (local)	3,083,602	1,655,428	3,083,602	1,655,428	1,495,465	4,424,368
Industrial Investments (overseas)	49,057	106,725	49,057	106,725	48,376	65,919
	-	1,882,721	-	1,882,721	-	-
Total	9,501,783	5,746,720	9,501,783	5,746,720	7,781,983	10,240,934

C) Investments – available for sale – quoted (local & foreign)

Category	Market value on 31 March 2023	Market value on 31 March 2022	Book value on 31 March 2023	Book value on 31 March 2022	Book value / Fair value on 31 December 2022	Cost on 31 March 2023
	RO	RO	RO	RO	RO	RO
Services (local)	692,817	537,415	692,817	537,415	501,002	448,358
Total	692,817	537,415	692,817	537,415	501,002	448,358

The fair value of the foreign private equity investments approximates to their carrying value.

Unquoted and other Investments – available for sale	Book value on 31 March 2023	Book value on 31 March 2022	Book value on 31 December 2022	Cost on 31 March 2023
	RO	RO	RO	RO
Unquoted Omani shares	270,644	230,787	258,573	71,429
Total	270,644	230,787	258,573	71,429

D) Term deposits

	Market value on 31 March 2023	Market value on 31 March 2022	Book value / Fair value on 31 December 2022
	RO	RO	RO
Term deposits	46,447,389	52,718,697	52,931,890
Less: current portion	(21,667,389)	(22,768,697)	(25,101,890)
	24,780,000	29,950,000	27,830,000

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023 (continued)

7. Investment (continued)

E) Details of significant investments (10% or above) - financial assets at fair value through profit or loss - quoted (local & foreign)

<i>MSM Quoted Securities</i>	Holding %	No. of securities	Market value on 31 March 2023 RO	Market value on 31 March 2022 RO	Cost on 31 March 2023 RO
Shell Oman Marketing SAOG	-	813,130	-	718,807	-
Bank Muscat	29	10,000,000	2,750,000	1,071,000	2,709,499
Bank Muscat Perpetual Bonds	27	3,300,000	2,574,000	-	2,016,000
Abraj Energy Services	15	5,000,000	1,450,000	-	1,438,742
Bank Nizwa	10	10,000,000	980,000	970,000	998,898
Sembcorp Salalah SAOG	-	10,000,000	-	830,000	-
Total			7,754,000	3,589,807	7,163,139

Foreign listed securities – nil

<i>Bank Dhofar 5.519% perpetual bonds</i>	-	52,000	-	1,882,721	-
---	---	--------	---	-----------	---

<i>MSM quoted securities - Available for sale</i>	Holding %	No. of securities	Market value on 31 March 2023 RO	Market value on 31 March 2022 RO	Cost on 31 March 2023 RO
SMN Power Company SAOG	47	3,587,000	326,417	161,415	121,958
Sembcorp Salalah	28	2,400,000	196,800	199,200	158,400
Shell Oman Marketing SAOG	25	200,000	169,600	176,800	168,000
Total			692,817	537,415	448,358

<i>MSM unquoted securities - available for sale</i>	Holding %	No. of securities	Market value on 31 March 2022 RO	Market value on 31 March 2021 RO	Cost on 31 March 2023 RO
Union office of the Orange Card Co.	100	71,429	270,644	230,787	71,429
			270,644	230,787	71,429

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023 (continued)**8. General business technical reserves**

	31 March 2023 RO	31 March 2022 RO	31 December 2022 RO
<i>Outstanding claims reserve</i>			
Gross outstanding claims	27,047,694	23,377,231	27,040,853
Less: Amounts recoverable from reinsurers	(14,349,761)	(10,769,583)	(14,528,833)
	<u>12,697,933</u>	<u>12,607,648</u>	<u>12,512,020</u>
<i>IBNR</i>			
Gross provision for IBNR	10,849,505	10,651,713	11,049,505
Less: Amounts recoverable from reinsurers	(7,921,505)	(6,834,607)	(7,921,505)
	<u>2,928,000</u>	<u>3,817,106</u>	<u>3,128,000</u>
<i>Unearned premium reserve</i>			
Gross unearned premium reserve	14,724,755	13,062,045	12,619,729
Less: Amounts recoverable from reinsurers	(7,938,135)	(6,920,476)	(6,751,869)
	<u>6,786,620</u>	<u>6,141,569</u>	<u>5,867,860</u>

Outstanding claims reserve represent provisions for claims reported but not yet paid and is shown net of salvage recoveries.

IBNR represents provisions for losses incurred but not yet reported.

Reserve for unexpired risks represents a provision in respect of future losses on policies written and in force where future net claims are expected to exceed premiums earned.

Unearned premium reserve represents the element of premium income, relating to periods of cover after the reporting date.

9. Life and medical business technical reserves

	31 March 2023 RO	31 March 2022 RO	31 December 2022 RO
<i>Mathematical reserve</i>			
Mathematical reserve - gross	4,554,504	5,435,000	4,991,000
Mathematical reserve - reinsurance	(4,005,153)	(4,685,000)	(4,389,000)
	<u>549,351</u>	<u>750,000</u>	<u>602,000</u>
<i>Outstanding claims reserve</i>			
Gross outstanding claims	3,689,052	3,526,683	3,294,736
Less: Amounts recoverable from reinsurers	(2,820,076)	(2,780,358)	(2,545,812)
	<u>868,976</u>	<u>746,325</u>	<u>748,924</u>
<i>Unearned premium reserve</i>			
Gross unearned premium reserve	1,864,874	1,570,922	1,298,000
Less: Amounts recoverable from reinsurers	(1,304,469)	(939,879)	(811,000)
	<u>560,405</u>	<u>631,043</u>	<u>487,000</u>

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE
BOARD OF DIRECTORS ON 26 04 2023

Notes to the unaudited condensed interim financial information
For the three months period ended 31 March 2023 (continued)

10. Related parties and holders of 10% of the company's shares

A) Significant transaction with related parties

	31 March 2023 RO	31 March 2022 RO	31 December 2022 RO
Senior management remuneration	257,788	155,072	651,723
Directors' remuneration and sitting fees	43,500	51,000	200,000

B) Expense items

SAAD Establishment (rent & other amenities paid)	3,570	3,570	14,280
Al Qurum Complex	2,550	2,700	10,350
Total	6,120	6,270	24,630

C) Loans, advances, receivables, provisions and write-offs

	31 March 2023 RO	31 March 2022 RO	31 December 2022 RO
Entity related to a significant shareholder	2,099	-	5,238
Entity related to directors	21,479	27,334	37,792
Total	23,578	27,334	43,030

11. Shareholders

All those shareholders of the company who own 10% or more of the company's shares, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

Shareholders	As at 31 March 2023		As at 31 March 2022	
	No. of shares RO	Holding %	No. of shares RO	Holding %
Sayyid Salim Bin Nassir Al Busaidi & Family & Group	34,808,595	35%	34,800,096	34.8%
Oman Investment Authority	15,050,236	12%	-	-

12. Net asset per share

Net assets (book value) per share is calculated by dividing net assets (book value) owned by ordinary shareholders at 31 March 2023, by the number of ordinary shares in issue at 31 March 2023.

13. Earning per share

Earnings per share for the three months period ended 31 March 2023 has been calculated based on the outstanding number of shares of 100 million, against 100 million shares in the corresponding period of previous year.