Grant Thornton
Abdulaal

Financial statements and independent auditors' report

Life Insurance Corporation (International) B.S.C. (c)

For the year ended 31 December 2022

Contents

General information

Commercial registration	:	21606 obtained on 20 July 1989
Chairman	:	Mr. Mangalam R. Kumar
Deputy Chairman	:	Mr. Siddhartha Mohanty
Directors	:	Mr. Thomas Mathew T. Mr. V. Chandrasekaran Mr. Abdul Rahman Ali Al Wazzan Mr. Sunil Kumar Thakur (upto 25.08.2022) Mr. Debashis Prasad Pattanaik (from 14.09.2022)
Audit committee	:	Mr. Thomas Mathew T. Mr. Siddhartha Mohanty Mr. V.Chandrasekaran Mr. Abdul Rahman Ali Al Wazzan
Registered office	:	1st Floor, Ali Al-Wazzan Building Al-Khalifa Avenue P.O. Box 584 Manama, Kingdom of Bahrain
Principal bankers	:	National Bank of Bahrain, Bahrain State Bank of India, Bahrain Burgan Bank, Kuwait Doha Bank, Qatar Deutsche Bank, Mumbai, India J. Safra Sarasin Bank, Geneva, Switzerland Berenberg Bank, Germany Kotak Mahindra, United Kingdom Julius Baer, Singapore HSBC Bank, Luxemburg Bank of Singapore, Singapore Emirates National Bank of Dubai, UAE ICICI Bank, Bahrain Bank of Bahrain and Kuwait, Bahrain RAK Bank, UAE Mashreq Bank, UAE First Abu Dhabi Bank, UAE Abu Dhabi Commercial Bank, UAE State Bank of India, Oman Bank of Baroda, Oman Bank Muscat, Oman
Auditors	:	Grant Thornton - Abdulaal P.O. Box 11175 12th Floor, Al Nakheel Tower Seef District, Kingdom of Bahrain

Directors' report to the shareholders

We have the pleasure in presenting the 33rd Annual report and financial statements of Life Insurance Corporation (International) B.S.C. (c) (the "Company") Bahrain for the financial year ended 31 December 2022.

New Business

In the year 2022 the Company has issued 2,069 new policies with a Sum Assured of BD26.05 Mn (USD69.92 Mn) and recognized an amount of BD0.99 Mn (USD 2.64 Mn) towards conventional First Year Premium and BD22.3 Mn (USD58.99 Mn) towards single premium.

The net insurance premium income for the year 2022 was BD37.40 Mn (USD 98.94 Mn) out of which BD14.43 Mn (USD38.18 Mn) is the Renewal Premium Income.

Investment Income

Investment income realised during the year was BD31.21 Mn (USD82.58 Mn) as compared to BD38.88 Mn (USD102.85 Mn) last year.

Policy Servicing

a) **Settlement of claims**

During the year 2022, an amount of BD115.00 Mn (USD304.23Mn) has been paid to policyholders by way of claims including surrenders as against BD75.42 Mn (USD197.26 Mn) during the year 2021.

b) **Liaison with LIC of India**

During the year 2022, 348 policies were transferred to LIC of India on repatriation of policyholders at their request and an amount of BD0.67 Mn (USD1.77 Mn) has been transferred as actuarial reserve to LIC of India against these policies.

In addition, the Company continued to assist the customers holding policies with LIC of India in the matter of remittances of premium and other servicing matters.

Valuation

The Appointed Actuary has valued the Company's actuarial liabilities as at 31 December 2022. Accordingly, the following bonus rates have been proposed for the policies which are in force for the full sum assured as at 31 December 2022.

Interim bonuses are same as the declared bonuses and apply to policies in force for full sum assured resulting into death or maturity during the year 2022. The bonuses declared are at following rates:

- **Regular Bonus for all Units**

Reversionary Bonus in USD per USD1000 Sum Assured

Plan Type	**Policy term in years**			
Endowment Type Plans (Plans 207, 210, 220)	<=10	11 to 15	16 to 20	>20
Bonus Rate (in USD per USD1000 SA)	7.9	7.9	8.3	8.3
Bonus Rate for Plan 240 (in USD per USD1000 SA)	7.1	7.1	7.5	7.5
Endowment Type Plans (Plans 202, 206, 209, 215, 218, 225)	<=10	11 to 15	16 to 20	>20
Bonus Rate (in USD per USD1000 SA)	8.9	8.9	9.3	9.3
Bonus Rate for SP mode of Plan 202 and Plan 240 (in USD per USD1000 SA)	8.1	8.1	8.5	8.5
Deferred Annuity Plans (Plan 227 and 228)	<=5	6 to 10	11 to 15	>15
Bonus rate (in USD per USD1000 SA)	7.1	7.4	7.5	7.8

Silver Anniversary Health Insurance Plan (Plan 241) – Regular Premium	6.9		
Silver Anniversary Health Insurance Plan (Plan 241) – Limited Premium	7.4		
Money Back Plans (Plans 203, 212)	<=15	16 to 20	25
Bonus rate (in USD per USD1000 SA)	8	8.3	8.5

Plan Type	For all in force and fully paid up policies
Whole Life Plans (Plans 201, 224)	8.3
Bonus rate (in USD per USD1000 SA)	
Endowment Type Plans (Plans 256,262)	11
Bonus rate (in USD per USD1000 SA	

- **Loyalty Addition**

The following loyalty addition rates be declared as on 31 December 2022:

Loyalty Addition for Professional Education Plan (Plan no. 219)	10.5
Loyalty addition (in USD per USD1000 SA)	
Loyalty Addition for all other eligible plans (in USD per USD1000 SA)	Nil

- **Terminal Bonus:**

In addition to above, terminal bonus at the following rates may be declared to all policies which are in-force for full sum assured and maturing during the year 2023.

Endowment Type of Policies (Plans 202, 206, 207, 209, 210, 215, 218, 220, 225): USD20 per USD1000 Sum Assured
Money back Type of Policies (Plans 203, 212): USD10 per USD1000 Sum Assured.

- **Special Terminal Bonus:**

  The Company may also declare a Special Terminal Bonus at the rate of USD7 per USD1,000 Sum Assured for all policies maturing till the month of May 2023.

Solvency Statement

As per actuarial valuation report, the required solvency margin works out to BD25.8 Mn (USD68.25 Mn). Capital available as per CBB regulations is BD64.94 Mn (USD171.8 Mn) which is 2.51 times of the solvency margin.

In the year 2022, the Company has reviewed the solvency position of UAE branch on regular basis and has submitted corrective action plans. As per CBUAE instructions and under their guidance, the Company formalized the Reinsurance Treaty to meet the solvency requirement of UAE Branches and submitted to CBUAE.

The discount rate used for the calculation of mathematical reserve in UAE for Plan number 255,256,257,259,260 and 262 is 3.5%, for Plan number 258 and 261 discount rate is 2.5% and for Plan number 263 and 264 discount rate is 3%, for plan number 265 discount rate is 3.6%, for plan number 266 discount rate is 4.2%, for plan number 267 discount rate is 4.4%, for plan number 268 discount rate is 3.64%, for plan number 269 discount rate is 4.3%. For all remaining products discount rate used for calculation of mathematical reserve is 3.9% for the first 5 years and 3.6% thereafter. The Appointed Actuary has been using the discount rates based on the current yield on investments and not as per Article 17 of Addendum 2 of Section 3 of Financial Regulations issued by Insurance Authority of UAE.

The discount rate used for calculation of mathematical reserve for all products in branches other than UAE is 4.4%.

New Product

During the year, the Company has launched five new products. In UAE they are Future Smart III (Plan 265), Future Smart IV (Plan 266), Future Smart V (Plan 269) and Single Premium Wealth Creator Plan (Plan 268). In Bahrain, the Company launched Guaranteed Investment Plan (Plan 267).

Financial Position

Total assets of the Company decreased to BD720.67 Mn (USD1,906.54 Mn) in 2022 from BD797.82 Mn (USD2,110.62 Mn) in 2021 decreased by 9.67%.

Financial Performance

The Company has incurred a loss of BD24.07 Mn (USD63.69 Mn) in 2022 as against a profit of BD 0.03 Mn (USD0.08 Mn) in 2021. As at 31 December 2022, the total retained earnings were BD 1.50 Mn (USD3.98 Mn) as compared to previous year BD25.59 Mn (USD67.7 Mn).

Corporate Governance

The Company has transparent and well defined marketing and administrative systems supported by High Level Audit Committee and Risk Management Committee of the Board and an Investment Committee which are functional on well laid out norms.

As part of social commitment and self-regulations the Company participates in socially relevant projects together with focus on economy of operations.

Payments made to Directors and Executive Management

Chairman of the Board and non-executive Members of the Board are not paid any remuneration. However independent Directors are paid honorarium for attending Board and Committee meetings. Remuneration to the CEO & Managing Director/Executive Director and other members of key management during the year 2022 was BD 219,089 as compared to BD 201,550 in 2021.

Business Continuity / Disaster Recovery Plan:

The profitability and reputation of the Company may be adversely affected if the operations (including services to customers) of the Company are confronted with adverse events such as natural disasters, technological failures, human error or terrorism.

To mitigate this risk, the Company has Board approved Business Continuity Plan. The back-up of data is taken on daily basis at end of day and the same is preserved outside office premises where the server is located. The Company also has two types of Disaster Recovery servers (DRS) viz. near site as well as far site DRS. Far site DRS is located in Dubai branch and is fully operational. The data replication for near site server is real-time whereas that for far site server is in batch process at four different times during the day of 24 hours. The Company also has agreement with telephone service provider for dedicated leased lines with redundancy. This ensures that the server connectivity is always available to the Users at all the times.

The above arrangements are to ensure the continuity of business as well as Disaster recovery in case of any unforeseen circumstances.

Compliances

The Company has a Compliance desk which takes care of all regulatory and other compliances of the company.

Risk management Strategies and Practices

i) **Investment Risk:** The Investment decisions are taken by the Investment Committee based on the guidelines given by the Board of the Company. All the Investment proposals are routed through Risk Manager. Risk Manager considers various risk elements like credit risk, concentration risk, liquidity risk etc. and gives his opinion. The proposals are then discussed in the Investment Committee. Approximately 97.07% of the investments are in bonds including FD's and other debt instruments and remaining 2.93% in equity and mutual funds. The investment portfolio is well diversified and the same is reviewed by the Investment Committee periodically to take corrective actions wherever required.

ii) **Currency Risk**: Almost all the currencies in GCC are pegged to United States Dollars except Kuwait where collection are made in Kuwaiti Dinars. The final payments for Kuwait cases are paid in United States Dollars or equivalent in Kuwaiti Dinars and hence the currency risk is at the minimum. However, Indian equity investments are subject to currency risk. At present, the Company's exposure in Indian equity is 0.61%.

iii) **Insurance Risk**: The Company has reinsurance arrangements with Swiss Reinsurance Company and Munich Reinsurance Company. As per the reinsurance treaty, the retention limit depends on Sum Assured, Age of LA and whether the life is standard or substandard. The maximum Sum Assured retained by the Company is USD 100,000. These reinsurance arrangements protect the company from high risk insurance contracts.

Dividend

No dividend is proposed for the year 2022.

Impact of COVID-19

Since COVID-19 outbreak, the Company continues to assess the impact on its operations on a regular basis. The management does not believe that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy including the operations of the Branches.

Change in Directors

During the year 2022, changes in the Board Members were as under.

The following members have been inducted in the Board after obtaining prior approval of CBB:

Name of Member	CBB Approval date	Type
Mr Debashis Prasad Pattanaik (w.e.f 14th Sep 2022)	29th May 2022	CEO & Executive Director (Non-Independent)

During the year 2022, following member resigned from the Board of the Company:

Name of Member	Position held	Date of Resignation	Reason
Mr. Sunil Kumar Thakur	CEO & Managing Director	25th Aug 2022	Repatriation to parent Company

Disclosure for remuneration of members of board of directors and executive management

First: Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance
	Proposed Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Proposed Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
1- Mr Thomas Mathew	-	3,250	-	-	3,250	-	-	-	-	-	-	-	-
2- Mr V. Chandrasekaran	-	3,250	-	-	3,250	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
1- Mr Mangalam R. Kumar	-	-	-	-	-	-	-	-	-	-	-	-	-
2- Mr. Sidhartha Mohanty	-	-	-	-	-	-	-	-	-	-	-	-	-
3- Mr.Abdul Rahman Ali Al Wazzan	-	-	-	-	-	-	-	-	-	-	-	-	-
Second: Executive Directors:													
1-Mr.Sunil Kumar Thakur	-	-	17,966	-	17,966	-	-	-	-	-	5,810	-	-
2. Mr.Debashis Prasad Pattanaik	-	-	10,443	-	10,443	-	-	-	-	-	1,322	-	-
Total	**-**	**6,500**	**28,409**	**-**	**34,909**	**-**	**-**	**-**	**-**	**-**	**7,132**	**-**	**-**

Second: Executive management remuneration details

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Remuneration for top 6 executive positions	178,698	-	-	178,698

Thank you and Appreciation

We extend our faithful respects and sincere gratitude to His Majesty the King Hamad bin Isa Al Khalifa, His Royal Highness the Crown Prince and Prime Minister Salman bin Hamad bin Isa Al Khalifa and His Excellency the Minister of Industry and Commerce of Kingdom of Bahrain for their continued support and cooperation extended to the Company.

We also extend our sincere gratitude to the Central Bank of Bahrain, Central Bank of UAE and Capital Market Authority- Oman for their continuous support and guidance, all throughout our operations.

We express our sincere gratitude to the Government of India and to the Ministry of Finance (Insurance Division) in particular for their support and guidance during the year. We express our sincere gratitude for the help rendered by the Indian Embassies in Bahrain, Abu Dhabi, Sultanate of Oman, Kuwait, Qatar, Saudi Arabia, and Indian Consulate in Dubai and Indian Embassies/Consulates in other countries in the Middle East. We look forward for their continued support to develop our operations in the region for the benefit of all nationalities.

We offer our sincere thanks to our Chief Agents M/s. International Agencies Co. Ltd, Bahrain, M/s. Kingstar Insurance Agencies LLC, Dubai, M/s Gulf Insurance Agencies LLC, Oman, M/s. Warba Insurance Co. Kuwait, and M/s Dyarco Management Services WLL in Qatar and our Bancassurance partners. We feel happy about the mutual working relationship with them. We look forward to another year of growth and prosperity.

We offer our sincere thanks to our Appointed Actuary: M/s K. A. Pandit Consultant and Actuaries, Mumbai, Peer Actuary: M/s SHMA Consulting DMCC, Dubai, Auditors: M/s. Grant Thornton Abdulaal, Bahrain, M/s. PKF, Dubai, M/s Crowe Mak Ghazali, Oman, M/s RSM Albazie, Kuwait, M/s Talal Abu-Ghazaleh & Co, Bahrain, M/s UHY James, UAE and M/s Moore Stephens, Oman.

We offer our grateful thanks to our esteemed Policyholders and NRI community for their confidence in the Company and all associates for their support and enthusiasm, which has been the source of tremendous motivation for the Company in augmenting its efforts in various directions.

On behalf of the Board of Directors

Mr. Mangalam R. Kumar
Chairman

Mr. Debashis Prasad Pattanaik
CEO & Executive Director

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Abdulaal

Independent auditors' report

Grant Thornton Abdulaal
PO Box 11175
12th Floor, Al Nakheel Tower
Seef District
Kingdom of Bahrain

T (+973) 17 500188
F (+973) 17 500199
linkedin.com/company/grant-thornton-abdulaal/
instagram.com/grantthornton_bahrain/

To the Shareholders of
Life Insurance Corporation (International) B.S.C. (c)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Life Insurance Corporation (International) B.S.C. (c)** (the "**Company**"), which comprise the statement of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information obtained at the date of this auditors' report is the Directors' report set out on pages 2 to 8.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of 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 the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Bahrain Commercial Companies Law, we report that:

   a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
   b) the financial information contained in the Directors' report is consistent with the financial statements;
   c) we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's Articles and Memorandum of Association that would have a material adverse effect on business of the Company or its financial position; and
   d) satisfactory explanations and information have been provided to us by management in response to all our requests.

2. Except for the items noted below, we are not aware of any violations that occurred during the year to the Central Bank of Bahrain (CBB) Rule Book (Volume 3) and CBB and Financial Institution Law 2006 (CBB Law) that would have a material adverse effect on the business of the Company or its financial position:

   a) Not maintaining adequate capital and solvency margin at (Dubai & Abu Dhabi Branch)- UAE Branch level in accordance with Modules CA-B.2.3 of the CBB Rulebook Volume 3. However, the Company has maintained adequate capital and solvency margin at Company level.

Grant Thornton

Partner's Registration No. 30
27 February 2023
Manama, Kingdom of Bahrain

Statement of financial position

	Notes	31 December 2022 BD	31 December 2021 BD
Assets			
Furniture and equipment	4	2,286	2,667
Intangible asset	5	4	4
Right-of-use assets	6.1	18,844	26,210
Statutory deposits	7	707,955	704,095
Investments	8	415,247,142	622,389,958
Policy loans	9	4,769,176	5,072,639
Reinsurance contracts receivable	22	167,980,991	11,922
Premiums receivable	10	886,145	1,272,500
Term deposits with banks	11	90,923,980	116,143,699
Accrued interest income	12	10,363,249	9,525,703
Other assets	13	178,669	1,053,429
Cash and cash equivalents	14	29,594,786	41,613,201
Total assets		720,673,227	797,816,027
Equity and liabilities			
Equity			
Share capital	15	65,439,300	65,439,300
Statutory reserve	16	7,771,644	7,771,644
Contingency fund reserve	17	232,192	228,580
Investments fair value reserve		652,299	6,451,544
Retained earnings		1,504,264	25,587,838
Total equity		75,599,699	105,478,906
Liabilities			
Life insurance fund	19	637,946,637	683,516,346
Employees' end-of-service indemnity		29,969	36,094
Amounts due to related parties	20	86,234	188,476
Zakat and tax provisions	21	300,010	300,010
Reinsurance contracts liabilities		80,154	110,980
Claims payable	23	5,130,763	6,215,055
Lease liabilities	6.2	20,740	28,127
Other liabilities	24	1,479,021	1,942,033
Total liabilities		645,073,528	692,337,121
Total equity and liabilities		720,673,227	797,816,027

These financial statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Mr. Mangalam R. Kumar	Mr. Debashis Prasad Pattanaik
Chairman	CEO & Executive Director

The accounting policies and the notes from pages 17 to 57 form an integral part of these financial statements.

Statement of comprehensive income

	Notes	Year ended 31 December 2022 BD	Year ended 31 December 2021 BD
Revenues			
Premiums			
First year	25	999,017	2,711,738
Renewal	25	14,431,579	21,549,831
Single premium	25	22,297,646	23,883,073
Unit link premium	25	-	1,123
Reinsurance ceded	22	(288,939)	(187,030)
Discount on commutation of premium	26	(39,347)	(255,218)
Net insurance premium		**37,399,956**	**47,703,517**
Claims incurred	28	(115,001,763)	(75,421,318)
Claims recoverable from reinsurers	23	574,595	-
Change in life insurance fund	19	44,902,633	(4,202,243)
Net underwriting results		**(32,124,579)**	**(31,920,044)**
Realised income from investments	27	31,214,217	38,876,665
Fair value loss on investments at FVTPL	8	(12,568,488)	(4,116,710)
Impairment of investments, net	29	(7,431,088)	(35,052)
Income from investments		**11,214,641**	**34,724,903**
		(20,909,938)	**2,804,859**
General and administrative expenses	31	(3,377,976)	(3,462,390)
Reinsurance fee		(350,848)	-
Other income	30	566,385	765,788
(Loss)/ profit before zakat and income tax		**(24,072,377)**	**108,257**
Zakat and income tax charge		(7,585)	(80,524)
(Loss)/ profit after zakat and income tax		**(24,079,962)**	**27,733**
Other comprehensive (loss)/ income to be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale investments during the year	8	(5,799,245)	395,469
Other comprehensive (loss)/ income for the year		**(5,799,245)**	**395,469**
Total comprehensive (loss)/ income for the year		**(29,879,207)**	**423,202**

These financial statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Mr. Mangalam R. Kumar
Chairman

Mr. Debashis Prasad Pattanaik
CEO & Executive Director

The accounting policies and the notes from pages 17 to 57 form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Statutory reserve	Contingency reserve	Investments fair value reserve	Retained earnings	Total
	BD	BD	BD	BD	BD	BD
At 1 January 2021	20,000,000	7,768,870	223,643	6,056,075	25,567,816	59,616,404
Increase in share capital	45,439,300	-	-	-	-	45,439,300
Profit for the year	-	-	-	-	27,733	27,733
Transfer to statutory reserve	-	2,774	-	-	(2,774)	-
Transfer to contingency reserve	-	-	4,937	-	(4,937)	-
Other comprehensive income for the year to be reclassified subsequently to profit or loss:						
Unrealized fair value gain on available-for-sale investments	-	-	-	395,469	-	395,469
Total comprehensive income	**-**	**2,774**	**4,937**	**395,469**	**20,022**	**423,202**
At 31 December 2021	**65,439,300**	**7,771,644**	**228,580**	**6,451,544**	**25,587,838**	**105,478,906**
At 1 January 2022	65,439,300	7,771,644	228,580	6,451,544	25,587,838	105,478,906
Loss for the year	-	-	-	-	(24,079,962)	(24,079,962)
Transfer to contingency reserve	-	-	3,612	-	(3,612)	-
Other comprehensive income for the year to be reclassified subsequently to profit or loss:						
Unrealized fair value loss on available-for-sale investments	-	-	-	(5,799,245)	-	(5,799,245)
Total comprehensive loss	**-**	**-**	**3,612**	**(5,799,245)**	**(24,083,574)**	**(29,879,207)**
At 31 December 2022	**65,439,300**	**7,771,644**	**232,192**	**652,299**	**1,504,264**	**75,599,699**

The accounting policies and the notes from pages 17 to 57 form an integral part of these financial statement.

Statement of cash flows

	Year ended 31 December 2022 BD	Year ended 31 December 2021 BD
Operating activities		
(Loss)/ profit before zakat and income tax	(24,072,377)	108,257
Adjustments:		
Depreciation	1,254	3,724
Depreciation on right-of-use assets	7,366	9,252
Interest expense on lease liabilities	1,153	1,507
Foreign exchange loss/ (gain)	68,473	(8,883)
Gain on sale of furniture and equipment	-	(3)
Unrealised loss on investments at fair value through profit or loss	12,568,488	4,116,710
Gain on disposal of investments	(2,456,133)	(10,137,799)
Dividend income	(350,089)	(372,078)
Interest income	(28,407,995)	(28,366,788)
Impairment loss/ (gain) recognised on investments, net	7,431,088	(6,443,032)
Claim incurred	115,001,763	75,421,318
Claims recoverable from reinsurers	(574,595)	-
Change in life insurance fund	(44,902,633)	4,202,243
Provision for employees' end-of-service indemnity	(6,125)	4,922
Operating profit before working capital changes	**34,309,638**	**38,539,350**
Changes in operating assets and liabilities:		
Decrease in premiums receivable	386,355	222,105
Increase in reinsurance contracts receivable	5,353,745	(10,066)
Decrease/ (increase) in other assets	874,760	(784,729)
Decrease in policy loans	303,463	425,496
(Decrease)/ increase in amounts due to related parties	(102,242)	56,771
(Decrease)/ increase in reinsurance contracts liabilities	(30,826)	22,696
Decrease in other liabilities	(463,012)	(995,388)
Claims paid	(115,511,460)	(74,563,727)
Zakat and income tax charge paid during the year	(7,585)	-
Net cash used in operating activities	**(74,887,164)**	**(37,087,492)**
Investing activities		
Purchase of furniture and equipment	(1,220)	(748)
Proceeds from disposal of furniture and equipment	347	7
Purchase of financial investments	(42,747,098)	(82,942,564)
Proceeds from disposal of investments	51,777,142	86,538,447
Increase in term deposits with banks	25,219,719	(32,339,853)
Increase in statutory deposits	(3,860)	(4,785)
Transfer of actuarial reserve to LIC India	(667,076)	(1,273,740)
Dividends received	350,089	372,078
Interest received	28,949,246	29,355,247
Net cash from/ (used) in investing activities	**62,877,289**	**(295,911)**
Financing activities		
Introduction of share capital	-	45,439,300
Repayment of lease liabilities	(8,540)	(10,114)
Net cash (used)/ from financing activities	**(8,540)**	**45,429,186**
Net decrease in cash and cash equivalents	(12,018,415)	8,045,783
Cash and cash equivalents at the beginning of year	41,613,201	33,567,418
Cash and cash equivalents at the end of year	**29,594,786**	**41,613,201**

(continued on following page)

Statement of cash flows (cont….)

Comprises:

Cash in hand	1,723	65,795
Current accounts with conventional banks	12,049,632	11,863,516
Current accounts with investments banks	17,543,431	29,683,890
	29,594,786	**41,613,201**

The accounting policies and the notes from pages 17 to 57 form an integral part of these financial statements.

Notes to the financial statements
31 December 2022

1. Status and activities

1.1 Life Insurance Corporation (International) B.S.C. (c) (the "Company") was formed by Life Insurance Corporation of India and the International Agencies Company Limited, Bahrain. The Company is registered with the Ministry of Industry and Commerce under commercial registration no. 21606 and operates under an insurance license issued by the Central Bank of Bahrain (the "CBB"). The registered address of the Company is 1st floor, Ali Al-Wazzan Building, Al-Khalifa Avenue, P.O. Box 584, Manama, Kingdom of Bahrain.

1.2 The Company operates branch office "Life Insurance Corporation (International) B.S.C.(c) (Dubai & Abu Dhabi Branch)- UAE" in the United Arab Emirates and branch office "Life Insurance Corporation (International) B.S.C. (c)- Muscat Branch" in Sultanate of Oman. The principal activities of these branches are providing life insurance, group life, credit and saving insurance. The operating results of two branches are included as part of these financial statements.

1.3 The Company commenced its operations on July 23, 1989 and is engaged in carrying out life insurance business, mainly with Indian expatriates in the Kingdom of Bahrain and other GCC countries. It is also engaged in conducting similar business with all nationalities resident in Bahrain under special permission granted by the Central Bank of Bahrain, from November 8, 2006.

1.4 The International Agencies Company Limited (the "Agent") is the agent of Life Insurance Corporation (International) B.S.C. (c) in Bahrain. It is responsible for providing:

- Administration and technical services for all policies issued by the Company.
- Marketing services in Bahrain.

In return, the Agent is entitled to compensation at agreed terms.

1.5 All reinsurance is ceded to Swiss Reinsurance Company and Munich Reinsurance Company on agreed terms.

1.6 Based on resolution number 125 dated July 14, 2004 (Hijri 14/5/1424) issued by the Council of Ministers in Saudi Arabia, and its subsequent implementation guidelines thereon, insurance companies operating in Saudi Arabia are required to obtain a license to undertake insurance activities in the Kingdom from the Saudi Arabian Monetary Agency ("SAMA"). The requirements for license include operating as a public joint stock company and having a minimum paid up capital of Saudi Riyals 100,000,000.

Under these regulations, on December 29, 2004, the Board of Directors of the Company submitted an application for the license with SAMA under the name of "Saudi Indian Company for Cooperative Insurance" ("SICCI"). The Company acquired 10.2% of the issued share capital of SICCI. Further, the Company ceased its activities in the Kingdom, but later on August 1, 2005 business activities resumed as SAMA permitted existing operations to continue for a three year grace period. On December 28, 2008, SAMA did not further extend Saudi Operations of the Company to market new insurance policies.

During 2011, SAMA approved exit plan via letter dated 15.06.1432 H (corresponding May 20, 2011), of the Saudi Operations of the Company. The Company transferred the Saudi portfolio to Kingdom of Bahrain or LIC India with the consent of the policyholders.

During the year 2018, SICCI obtained approval from Capital Market Authority and SAMA for further capital reduction to 18.03%. Accordingly, the Company's investment in SICCI was proportionately reduced which resulted in recording losses in the income statement for the year 2018.

Investment in SICCI has been fully provided for being identified as impaired on account of the share trading being suspended by The Saudi Stock Exchange (Tadawul) since 12 November 2018.

1.7 The Oman branch has notified the Capital Market Authority (CMA), about the Board decision to operate Oman branch in run-off mode. Accordingly, stopped procuring new policies with effect from 1st Sept 2021 and continued to provide service to the existing policyholders of Oman branch. Subsequently submitted a request for approval to Capital Market Authority for the transfer of Oman branch's business portfolio to the Parent company branch in Bahrain and also requested 'no objection' from Central Bank of Bahrain (CBB) for the said transfer. CBB vide their communication dated 8th Feb 2023 accorded permission for transfer of business from Oman branch to Bahrain. All requirements sought by CMA in this regard are submitted and their approval is awaited.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared under the historical cost basis, except for certain financial instruments measured at fair value. The financial statements include the net assets and results of operations of the Company in the Kingdom of Bahrain, Kuwait and Qatar and its branches in Oman and the United Arab Emirates. All inter-branch transactions and balances are eliminated.

These financial statements are presented in Bahrain Dinar ("BD") being the functional currency of the Company. All values are rounded to the amount nearest to Bahrain Dinar.

2.2 Statement of compliance and going concern assumption

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law 2006, and the regulations set out in Volume 3 (Insurance) of CBB Rulebook. They have been prepared under the assumption that the Company operates on a going concern basis.

2.3 New or revised Standards or Interpretations

The following amendments and interpretations apply for the first time in 2022, but do not have any impact on the financial statements:

Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2021, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2021, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the financial statements of the Company.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2021, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

In addition to the above, there are certain new standards and amendments to accounting and reporting standards that are not mandatory for the Company's accounting periods beginning on or after 1 January 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

New and amended standards and interpretations issued but not yet effective

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023.

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage period.
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period

- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17.

IFRS 17, together with IFRS 9, will result in profound changes to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to today's models. Key performance indicators will also likely be affected.

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance, together with amendments to presentation and disclosures. The Company expects the that the adoption of IFRS 17 will have an impact on the amounts reported and disclosures made in this interim financial information in respect of insurance contracts issued and reinsurance contracts held. The Company monitored updates on the planning and implementation activities for IFRS 17, and reviewed and approved technical policies during 2022 in support for the latest 'dry run' conducted during the year which resulted in the below impacts.

New standards	**Changes in equity as at 30 June 2022**
	BD
IFRS 17	(349,139,980)
IFRS 9	(1,092,454)
Net Impact	**(350,232,434)**

Moreover, management is still refining its assumptions, methodology and models to refine the impact of adopting IFRS 17 and IFRS 9.

IFRS 9 Financial Instruments

IFRS 9 replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The standard is applicable from 1 January 2018 with early adoption permitted. However, the Company has applied the temporary exemption from IFRS 9 available under IFRS 4 and will therefore only apply this standard for annual periods beginning 1 January 2023. In the interim, the Company will continue to apply IAS 39 to its financial assets and liabilities.

2.4 Fair value

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 of an asset or a liability is measured by taking into account the characteristics of the asset or liability that if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes fair value measurement is categorized into Levels 1, 2 or 3 based on the degree to which the inputs to fair value measurement in its entirety, which are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

2.5 Insurance contract

A contract under which one party (the insurer) 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 or other beneficiary.

2.6 Revenue recognition

Insurance Contracts

Life insurance premiums including Unit Linked premiums are recognised as revenue when due from policyholders. Premiums receivable relate to the premium due in the month of October, November and December for which the normal grace period of three months have not expired and the previous instalments have been paid. Claim expenses are recorded on basis of notification received. Maturities and annuities payments are recorded when due to policyholders or beneficiaries. Commissions and other costs directly related to the acquisition and renewal of insurance contracts are charged to the profit or loss when incurred.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Other income

All other income is recognised on an accrual basis.

2.7 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirement are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. The Company assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognises that impairment loss in the profit or loss for the year.

2.8 Insurance contract liabilities

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the reporting date.

The reinsurers' portion towards the outstanding claims is classified as reinsurance contract assets in the financial statements.

2.9 Liability adequacy

At each reporting date the Company reviews the carrying amounts of its insurance liabilities carried out by the appointed actuary to ensure that its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible asset) is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the results for the year.

2.10 Life insurance fund

The life insurance fund is determined on a quarterly basis to provide sufficient funds in order to meet the current obligations of future liabilities. This fund is valued by an appointed actuary registered with the CBB.

2.11 Claims payable

Provision for claims payable is made for those policies where intimation of death is received as at the reporting date.

2.12 Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and any impairment in value. The costs of furniture and equipment are depreciated on a straight-line basis over the estimated useful lives, which are as follows:

Motor vehicles	5 years
Furniture, fixtures and others	1 - 4 years

The gain or loss arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

2.13 Intangible asset

Intangible asset comprising computer software is stated at cost less accumulated amortisation and any impairment in value. The amount paid for computer software amortized on straight line basis over their estimated useful life of 3 years.

2.14 Impairment of tangible and intangible asset

At the end of each reporting period, the Company reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exits, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses based on the net present value of future cash flows are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously been recognised. The reversal of the loss is recognised immediately in statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At present financial assets of the Company consist of financial assets at FVTPL, held-to-maturity' investments, AFS investments and receivables comprising accounts and other receivables and cash and bank balances.

2.16.1 Investments

Investments are recognised and derecognised on trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at the fair value, plus transaction costs, except for those investments classified as at fair value through profit or loss, which are initially measured at fair value. Premiums and discounts on held to maturity investments are aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield of the investment. For investments traded in organised financial markets, fair value is determined by reference to quoted market bid prices on the relevant exchange at the close of the business on the reporting date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'income from investments' line item in the statements of comprehensive income.

AFS investments

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) HTM investments or (c) financial assets at FVTPL.

Investments held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of "investments fair value reserve". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments fair value reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, HTM investments are measured at amortised cost using the effective interest method less any impairment.

2.16.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables, bank balances and cash are measured at amortised cost, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.16.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For AFS a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation;
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

When an AFS financial assets is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity investment, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

With respect to the AFS equity investments, impairment loss previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments fair value reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.16.4 Derecognition of financial assets

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

The difference between the carrying amount of the financial asset derecognised and the sum of the consideration received and receivable is recognised in profit or loss.

2.17 Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method, with interest expenses recognised on an effective yield basis.

2.18 Provisions

Provisions are recognised when the Company has a present obligation (legal and constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

2.19 Taxation and VAT

Income tax expense represents the sum of the tax currently payable on Saudi Arabian income and Zakat tax, Saudi Arabian withholding tax, Kuwait income tax and Oman income tax, calculated using tax rates applicable based on Saudi Arabian, Kuwait and Oman operations

Value Added Tax (VAT) will be charged at 5% and 10% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person within the UAE and Bahrain jurisdictions. The Company is required to file its VAT returns and compute the payable tax and deposit the same within the prescribed due dates of filling VAT return and tax payment.

2.20 Provision for employees' end-of-service benefits

Provision is made for amounts payable under the Bahrain Labour Law applicable to employees' accumulated periods of service and latest entitlements to salaries and allowances. In UAE and Oman the end-of-service benefits are provided as per applicability of local laws.

2.21 Foreign currencies

Foreign currency transactions are recorded in Bahrain Dinars at the approximate rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated at the year-end rates of exchange. Exchange differences are reported as part of the results for the year.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations (including comparatives) are presented in Bahraini Dinars using exchange rates prevailing at each reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the entity's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made judgements, (apart from those involving estimations) which have a significant effect on the amounts recognised in the financial statements. These include the following:

Classification of investments

Management has to decide upon acquisition of an investment whether it should be classified as HTM, investments at FVTPL or AFS.

For those deemed to be HTM, the Company ensures that the requirement of IAS 39 are met and in particular the Company has the positive intention and ability to hold these to maturity

The Company classifies investments as carried at fair value through profit or loss if they are acquired primarily for the purpose of short-term profit making or, upon initial recognition, they are designated as at fair value through profit or loss.

All other investments are classified as AFS.

Impairment of HTM investments

HTM investment carried at amortised cost, impairment is measured as the difference between the carrying amount of the investment securities and the present value of estimated cash flows discounted at the investment securities original effective interest rate. Losses are recognised in the statement of profit or loss and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of profit or loss.

The Company considers evidence of impairment for HTM carried at amortised cost at both a specific asset and collective level. All individually significant HTM investments are assessed for specific impairment. All individually significant HTM investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. HTM investments that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Impairment of AFS equity investments

The Company treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is "significant" or "prolonged" requires significant judgement. In addition, the Company also evaluates among other factors, normal volatility in the price of investments and the future cash flows and the discount factors for unquoted investments.

Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

The ultimate liability arising from claims made under insurance contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. The determination of the liabilities under life insurance contracts is dependent on estimates made by the appointed actuary, which is reviewed by the Company.

Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements.

The estimated number of deaths determines the value of the benefit payments and the value of the valuation of premiums. In order to ensure the adequacy of liability the actuary of the Company estimates the current obligation of future liabilities at each reporting date.

Note 19, life insurance fund, presents the basis used for the estimate of life funds in order to meet the current obligations of future liabilities.

Impairment losses on loans and receivables

The Company reviews problem receivables on a regular basis to assess whether a provision for impairment should be recorded in profit or loss. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty, and actual results may differ resulting in future changes to such provisions.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management did not include the extension options in the lease terms on the basis that lease cannot be renewed without the consent of both parties.

4. Furniture and equipment

	Motor vehicles	Furniture, fixtures and others	Total 2022	Total 2021
	BD	BD	BD	BD
Cost				
At 1 January	36,500	30,698	67,198	66,566
Additions	-	1,220	1,220	748
Disposals	-	(13,714)	(13,714)	(116)
At 31 December	**36,500**	**18,204**	**54,704**	**67,198**
Accumulated depreciation				
At 1 January	36,400	28,131	64,531	60,919
Charge for the year	-	1,254	1,254	3,724
Disposals	-	(13,367)	(13,367)	(112)
At 31 December	**36,400**	**16,018**	**52,418**	**64,531**
Net book value				
At 31 December 2022	**100**	**2,186**	**2,286**	**-**
At 31 December 2021	**100**	**2,567**	**-**	**2,667**

5. Intangible asset

	2022 Software BD	2021 Software BD
Cost		
At 1 January and at 31 December	**548,057**	**548,057**
Accumulated amortisation		
At 1 January and at 31 December	**548,053**	**548,053**
Net book value		
At 31 December 2022	**4**	**-**
At 31 December 2021	**-**	**4**

6. Leases

The Company only operates as a lessee.

6.1 Right-of-use assets

The recognized right-of-use assets relate to the Company's office premises at Al Zamil Tower in Kingdom of Bahrain, which are leased by the Company, for an average term of 5 years, in addition to car and flat lease relating to Resident Manager in Sultanate of Oman which are recognised as right-of-use assets.

	Right-of-use assets 2022 BD	Right-of-use assets 2021 BD
At 1 January and at 31 December	**54,786**	**54,786**
Accumulated amortization		
At 1 January	28,576	19,324
Charge for the year	7,366	9,252
At 31 December	**35,942**	**28,576**
Net book value		
At 31 December 2022	**18,844**	**-**
At 31 December 2021	**-**	**26,210**

At the reporting date, none of the property leases in which the Company is the lessee, contained variable lease payment terms.

6.2 Lease liabilities

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on percentage of Company sales) are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

	2022 BD	2021 BD
At 1 January	28,127	36,734
Accretion of interest	1,153	1,507
Payments	(8,540)	(10,114)
At 31 December	**20,740**	**28,127**

The maturity analysis of lease liabilities as at 31 December 2022 and 31 December 2021 is as follows:

	2022 BD	2021 BD
Current	7,215	7,389
Non current	13,525	20,738
	20,740	**28,127**

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
Office premises	1	2-3 years	3 years	1	1

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2022 were as follows:

	Minimum lease payments due			
	Within 1 year BD	1-2 years BD	2-3 years BD	Total BD
31 December 2022				
Lease payments	8,018	8,018	6,013	22,049
Finance charges	(803)	(435)	(71)	(1,309)
Net present values	**7,215**	**7,583**	**5,942**	**20,740**

7. Statutory deposits

	2022 BD	2021 BD
Central Bank of Bahrain (7.1)	50,000	50,000
National Bank of Bahrain (7.2)	56,526	55,791
Bank of Baroda, Dubai (7.3)	516,967	513,841
National Bank of Dubai (7.4)	5,177	5,177
Emirates NBD– Dubai – Abu Dhabi (7.4)	5,649	5,650
Oman Housing Bank S.A.O.C. (7.5)	73,636	73,636
	707,955	**704,095**

7.1 The cash deposit is placed with the Central Bank of Bahrain (the "CBB") as per section GR-7.1.2 of the General Requirement Module of the CBB Insurance Rulebook.

7.2 The cash deposit is placed with the National Bank of Bahrain as per section GR-7.1.2 of the General Requirement Module of the CBB Insurance Rulebook.

7.3 The deposits placed in Dubai, U.A.E. are in accordance with the U.A.E. Federal Law No. 6 of 2007 concerning formation of Branch., and are under lien to Insurance Authority of U.A.E.

7.4 The deposit placed with Emirates NBD is for Abu Dhabi operations.

7.5 The deposit placed in the Sultanate of Oman is in accordance with Royal Decree No. 12/79 promulgating and governing the insurance companies law in Oman and is under lien to Capital Market Authority of the Sultanate of Oman.

Interest rates on above deposits range between 0.001% to 4% per annum (2021: 0.6% to 3.25% per annum).

8. Investments

	2022 BD	2021 BD
Held-to-maturity ("HTM")		
Quoted	302,296,132	445,978,979
Unquoted	10,316,957	10,316,957
Allowance for impairment	(18,255,113)	(10,820,831)
Total HTM investments (A)	**294,357,976**	**445,475,105**
Available-for sale ("AFS")		
Quoted	23,675,775	37,465,086
Unquoted	1,555,805	1,652,327
	25,231,580	39,117,413
Allowance for impairment	(2,947,182)	(2,950,376)
Total AFS investments (B)	**22,284,398**	**36,167,037**
Designated at fair value through profit or loss ("FVTPL")		
Quoted (C)	**98,604,768**	**140,747,816**
Total (A)+(B)+(C)	**415,247,142**	**622,389,958**

The fair value of HTM investments as at 31 December 2022 was BD272,773,709 (2021: BD494,232,203).

(a) HTM Investments

As at the reporting date, HTM investments comprise of the following:

	2022 BD	2021 BD
Debt instruments		
Zero coupon bonds	6,400,457	9,935,018
Other bonds	306,212,632	446,360,918
	312,613,089	456,295,936
Allowance for impairment	(18,255,113)	(10,820,831)
At 31 December	**294,357,976**	**445,475,105**

The movements in HTM investments are as follows:

	2022 BD	2021 BD
At 1 January	456,295,936	445,454,000
Additions	37,869,896	48,350,795
Disposals/redemptions	(27,435,670)	(36,058,129)
Transfer to Munich Reinsurance Company	(152,738,276)	-
Capitalisation of discount (Note 12)	166,015	373,438
Amortisation of premium (Note 12)	(1,544,812)	(1,824,168)
At 31 December	**312,613,089**	**456,295,936**

The movement in allowance for impairment of HTM is detailed below:

	2022 BD	2021 BD
At 1 January	10,820,831	13,425,146
Charge for the year	7,510,016	268,998
Reversal of impairment	(75,734)	(244,265)
Reversal due to sale of impaired investment	-	(2,629,048)
At 31 December	**18,255,113**	**10,820,831**

Financial assets at HTM include BD7,321,482 (2021: BD7,814,894) under lien to Capital Market Authority of Sultanate of Oman.

(b) AFS investments

As at the reporting date, AFS investments comprise of the following:

	2022 BD	2021 BD
Quoted investments		
Debt instruments		
Government bonds	2,091,890	388,694
Other bonds	8,765,392	13,545,537
	10,857,282	**13,934,231**
Equity instruments		
Mutual funds	8,127,375	15,236,710
Equity shares	4,691,118	8,294,145
	12,818,493	**23,530,855**
Total quoted investments	**23,675,775**	**37,465,086**
Unquoted investments		
Equity instruments	1,555,805	1,652,327
Total AFS investments	**25,231,580**	**39,117,413**
Allowance for impairment	(2,947,182)	(2,950,376)
	22,284,398	**36,167,037**

Unquoted equity instruments amounting to BD1,555,805 (2021: BD1,652,337) are carried at cost as their fair values cannot be reliably measured.

The movement in AFS investments is detailed below:

	2022 BD	2021 BD
At 1 January	39,117,413	53,558,558
Additions	2,863,486	8,302,174
Disposals/redemptions	(9,493,056)	(23,147,671)
Transfer to Munich Reinsurance Company	(1,388,545)	-
(Decrease)/ increase in fair value	(5,799,245)	395,469
Foreign exchange fluctuation	(68,473)	8,883
At 31 December	**25,231,580**	**39,117,413**

The movement in allowance for impairment of AFS investments is detailed below:

	2022 BD	2021 BD
At 1 January	2,950,376	6,789,093
Charge for the year	8,894	14,668
Reversal of impairment	(12,088)	(4,349)
Reversal due to sale of impaired investment	-	(3,849,036)
At 31 December	**2,947,182**	**2,950,376**

(c) Investments at FVTPL

As at the reporting date, investments at FVTPL comprise of the following:

	2022 BD	2021 BD
Quoted		
Debt instruments		
Government bonds	63,296,574	77,129,932
Other bonds	35,308,194	63,617,884
	98,604,768	**140,747,816**

The movement in investments at FVTPL is detailed below:

	2022 BD	2021 BD
At 1 January	140,747,816	135,769,779
Additions	2,013,716	26,289,595
Disposals/redemptions	(12,392,283)	(17,194,848)
Transfer to Munich Reinsurance Company	(19,195,993)	-
Decrease in fair value	(12,568,488)	(4,116,710)
At 31 December	**98,604,768**	**140,747,816**

9. Policy loans

	2022 BD	2021 BD
Policy loans	**4,769,176**	**5,072,639**

Policy loans carry interest rate of 8% (2021: 8%) per annum and have varied maturities. These loans are granted against active policies and are secured against the Surrender Value.

10. Premiums receivable

	2022 BD	2021 BD
Premiums receivable	**886,145**	**1,272,500**

Premiums receivable relate to the months of October, November and December 2022 (2021: October, November and December), and there are no past due receivables. No collateral has been obtained in respect of these receivables.

	Neither past due nor impaired Less than 90 days	
	2022 BD	**2021** BD
Premium receivable aging analysis		
Receivable from policyholders	**886,145**	**1,272,500**

11. Term deposits with banks

	2022 BD	2021 BD
Deposits with maturities less than three months	6,586,925	66,100,708
Deposits with maturities more than three months	84,337,055	50,042,991
	90,923,980	**116,143,699**

Term deposits with banks carry interest ranging from 1.63% to 5.45% per annum (2021: 0.43% to 4.85% per annum).

Term deposits include deposits of BD9,584,579 (2021: BD9,447,870) under lien to Capital Market Authority of the Sultanate of Oman.

12. Accrued interest income

	2022 BD	2021 BD
Accrued interest income on investments	9,120,903	8,115,019
Accrued interest income on policy loans	1,242,346	1,410,684
	10,363,249	**9,525,703**

The movement in accrued interest income is as follows:

	2022 BD	2021 BD
At 1 January	9,525,703	9,063,432
Interest income for the year (Note 27)	28,407,995	28,366,788
Capitalisation of discount (Note 8 (a))	(166,015)	(373,438)
Amortisation of premium (Note 8 (a))	1,544,812	1,824,168
Received during the year	(28,949,246)	(29,355,247)
At 31 December	**10,363,249**	**9,525,703**

13. Other assets

	2022 BD	2021 BD
Due from investment custodian	65,052	960,301
Other receivables	113,617	91,545
Prepayments	-	1,583
	178,669	**1,053,429**

14. Cash and cash equivalents

	2022 BD	2021 BD
Cash in hand	1,723	65,795
Current accounts with commercial banks	12,049,632	11,863,516
Current accounts with investment banks	17,543,431	29,683,890
	29,594,786	**41,613,201**

There are no restrictions on bank balances at the time of approval of the financial statements.

15. Share capital

The share capital of the Company consists of 654,393 shares of BD100 each, authorised, issued and fully paid up.

	Number of shares	%	Amount BD
Life Insurance Corporation of India	652,193	99.7	65,219,300
The International Agencies Company Limited, Bahrain	2,200	0.3	220,000
	654,393	**100**	**65,439,300**

16. Statutory reserve

As required by the Bahrain Commercial Companies Law and Company's Articles of Association, 10% of the profit for the year should be transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not available for distribution, except in circumstances stipulated in the Bahrain Commercial Companies Law. No transfer has been made to this reserve during the year as the Company incurred a loss (2021: BD2,774).

17. Contingency fund reserve

As per Article 20 of the Oman Insurance Companies Law 1979 and article 10 (bis) (3) (b) to the executive by-law issued by Capital Market Authority (CMA) vide administrative decision no. 19/2007 dated 4 June 2007, an amount equal to 1% of the net premiums for the year is to be transferred to a contingency reserve. The fund is not available for distribution, without prior approval of the CMA. Accordingly, 1% of the net premium for the year of the Company's branch in Oman was transferred to this reserve. During the year, the Company has transferred BD3,612 to the contingency fund reserve (2021: BD4,937).

18. Proposed dividend

No dividend is proposed for the year 2022 (2021: Nil).

19. Life insurance fund

The movement in the life insurance fund during the year was as follows:

	2022 BD	2021 BD
At 1 January	683,516,346	680,587,843
(Reversal)/ provided during the year	(44,902,633)	4,202,243
Actuarial reserve transferred to Life Insurance Corporation of India	(667,076)	(1,273,740)
At 31 December	**637,946,637**	**683,516,346**

The Company's life insurance fund is the amount of BD637,946,637 of 31 December 2022 has been calculated based on an actuarial report prepared by a CBB-registered actuary (2021: BD683,516,346).

20. Related party balances and transactions

Related parties include shareholders, Directors and key management personnel of the Company and their close family members and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions with related parties are approved by the Company's management.

20.1 Related party balances:

Amounts due to related parties

Name of related party	Nature of relationship	Nature of balances	2022 BD	2021 BD
Life Insurance Corporation of India	Shareholder	Provision for technical assistance fees	9,130	10,175
Life Insurance Corporation of India	Shareholder	Annual maintenance contract for Elife	-	31,182
Life Insurance Corporation of India	Shareholder	Transfer value of policies	9,825	45,118
The International Agencies Company Limited	Shareholder	Commission payable	26,127	55,581
The International Agencies Company Limited	Shareholder	Compensation payable	41,152	46,420
			86,234	**188,476**

20.2 Related party transactions:

Name of related party	Nature of relationship	Nature of transactions	2022 BD	2021 BD
Life Insurance Corporation of India	Shareholder	Provision/payment for technical assistance fee	8,231	19,523
Life Insurance Corporation of India	Shareholder	Annual maintenance cost	31,185	30,830
Life Insurance Corporation of India	Shareholder	Transfer value of policies – LIC India	667,076	1,273,740
The International Agencies Company Limited	Shareholder	Administration and technical expenses	282,512	371,572
The International Agencies Company Limited	Shareholder	Commission expense	282,461	513,700
The International Agencies Company Limited	Shareholder	Annual maintenance cost	1,595	1,500

20.3 Compensation of key management personnel

Remuneration to the CEO & Managing Director/Executive Directors and other members of key management during the year was as follows:

	2022 BD	2021 BD
Salary and benefits	**219,089**	**201,550**

The above compensation was in the form of salaries, allowances and bonuses.

21. Zakat and tax provision

	Saudi Tax and Zakat BD	Kuwait Tax BD	2022 Total BD	2021 Total BD
At 1 January	134,949	165,061	300,010	219,486
Tax expense	-	-	-	80,524
At 31 December	**134,949**	**165,061**	**300,010**	**300,010**

With respect to the earlier operations in Saudi Arabia, the Company did not receive any new tax assessment from year 2009 as of the approval date of this audited financial statement. The provision of BD134,949 was provided in the year 2010.

The Director of Income Tax ("DIT") in Kuwait had finalised the Company's tax declarations in respect of the Company's Kuwait operations up to the year 2012. The Company filed appeals against the rejection of objections against the tax assessment for the year 2013 and 2014 before the Appeal Committee of Ministry of Finance- Kuwait, for which the decision is pending. Tax provision amounting to BD84,537 is recorded in this regard.

During 2021, the tax department under Ministry of Finance- Kuwait completed the assessment of tax and issued demand equivalent to BD80,524 for the years 2015 and 2016. The Company filed objections before Kuwait - tax authorities against both tax assessment orders in May 2021. Due to no response being received, an appeal was filed in September 2021. As a result, additional tax provision amounting to BD80,524 (USD213,026) has been made during 2021 against tax demand for years 2015 and 2016.

The Company's Oman Branch's tax assessments for the years 2019 to 2022 have not been completed by the income tax department. The Company's management is of the opinion that the additional taxes, if any, that may become payable on finalization of the pending tax assessments would not be significant to the Company's financial position at 31 December 2022.

22. Reinsurance contracts receivables

The Company's panel of reinsurers to whom business is ceded comprises of Swiss Re and Munich Reinsurance Company. Under the reinsurance treaties, the Company is compensated for losses on insurance contracts issued. The retention limit depends on Sum Assured, age of Life Assured and whether the life is standard or substandard. The maximum Sum Assured retained by the Company is USD100,000. Reinsurance is provided for age groups from 7 years to 99 years for death benefit, 18 years to 70 years for accidental benefit and from 18 years to 60 years for Critical Illness Rider. These reinsurance arrangements protect the Company from high-risk insurance contracts.

Company has entered into a "Life Reinsurance Agreement – Quota Share Reinsurance" with Munich Reinsurance Companyto eliminate the solvency deficit of its UAE branches. The quota share agreement will cover mortality, surrender, survival and maturity benefits for 12 products underwritten by our UAE branches, which cover approximately 90% of its portfolio, by reserves. The reinsurance arrangement requires an equivalent transfer of inadmissible assets to Munich Reinsurance Companywhich are mostly categorized under Held to Maturity (HTM). The transfer of assets will then effectively convert currently inadmissible investments (as per Financial Regulations for Insurance Companies in UAE – 2014) into an admissible reinsurance asset on the balance sheet, thereby freeing up substantial inadmissible funds into admissible funds to immediately support solvency. Central Bank of UAE (CBUAE) and Central Bank of Bahrain (CBB) have been duly informed about the reinsurance arrangement.

Our UAE branches have transferred USD452.54 million of assets to Munich Reinsurance Company, following the signing of agreement in September 2022. In view of this, the deficit in solvency of UAE branches has significantly improved by 99.22% from a deficiency of (USD415.12) million (AED1,527.64 million) in June 2022 to a deficiency of (USD3.24 million) (AED11.91 million) in September 2022.

	2022 BD	2021 BD
Reinsurance contracts receivable		
Swiss Reinsurance Company	-	11,922
Munich Reinsurance Company – Surplus share	91,554	-
Munich Reinsurance Company – Quota share (Note 22.1)	167,889,437	-
	167,980,991	**11,922**

22.1 Munich Reinsurance Company – Quota share

	2022
	BD
At 1 January	-
Transfers at market value during the year	171,063,235
Proceeds on maturity of assets transferred to Munich Reinsurance Company	(3,109,500)
Amortisation of cost	(64,298)
	167,889,437

23. Claims payable

	Maturity claim	Death claims	Survival claims	Disability claims	Surrenders	2022 Total	2021 Total
	BD	BD	BD	BD	BD	BD	BD
At 1 January	5,240,042	8,861	966,152	-	-	6,215,055	5,357,464
Claims provided during the year	103,254,482	852,320	5,602,685	19,694	5,272,582	115,001,763	75,421,318
Claims recoverable from reinsurers	(512,322)	-	-	-	(62,273)	(574,595)	-
Claims paid	(103,923,512)	(855,729)	(5,502,216)	(19,694)	(5,210,309)	(115,511,460)	(74,563,727)
At 31 December	**4,058,690**	**5,452**	**1,066,621**	-	-	**5,130,763**	**6,215,055**

24. Other liabilities

	2022	2021
	BD	BD
Reinsurance fee payable to Munich Reinsurance Company	350,848	-
Discounted premium received in advance	370,614	985,926
Policy deposits	323,754	325,969
Accrued expenses and provisions	217,734	284,512
Accounts payable	165,648	207,306
Proposal deposits	28,667	136,539
VAT payable	11,913	1,781
Financial liabilities for ULIP	9,843	-
	1,479,021	**1,942,033**

25. Premiums

25.1 First year

First year premium represents new business premium pertaining to the first year of a life insurance contract under conventional policies and where the premium is not a single premium.

25.2 Renewal

Renewal premium represents premium pertaining to other than first year of a life insurance contract under conventional policies and where the premium is not a single premium.

25.3 Single premium

Single premium represents a new business lump sum premium paid at the time of entering into a life insurance contract under conventional policies and where the premiums are not payable subsequently.

25.4 Unit link premium

ULIP premium represents all types of premiums pertaining to a life insurance contracts under Unit Linked Insurance Policies.

26. Discount on commutation of premium

This represents discount on commutation of premium to the policyholders who had commuted the premium for the full policy period. The Company provides discount equivalent to 0.75% for Bahrain and Oman operations and 0.25% for Kuwait and Qatar operations (2021: 3.5%) per annum on future cash flows. Consequent upon issuance of BOD 49, premium commutation facility is not allowed for policies serviced in UAE operations effective from 31 December 2021.

27. Realised income from investments

	2022 BD	2021 BD
Interest income (Note 12)	28,407,995	28,366,788
Gain on disposal/redemption of investments	2,456,133	10,137,799
Dividend income	350,089	372,078
	31,214,217	**38,876,665**

28. Claims incurred

	2022 BD	2021 BD
Maturities	102,752,660	66,663,876
Survival benefits	5,622,379	5,367,489
Surrenders	5,165,313	1,245,779
Death claims	852,320	1,363,031
Annuities paid	501,822	468,016
ULIP claims	107,269	313,127
	115,001,763	**75,421,318**

29. Impairment of investments, net

	2022 BD	2021 BD
HTM investments	7,434,282	24,733
AFS investments	(3,194)	10,319
	7,431,088	**35,052**

30. Other income

	2022 BD	2021 BD
Interest on policy loans	325,055	574,770
Interest on premiums	56,431	74,462
ULIP charges	21,636	21,857
Others	163,263	94,699
	566,385	**765,788**

31. General and administrative expenses

	2022 BD	2021 BD
Commission	1,001,134	1,696,279
Administrative expenses	1,195,940	513,637
Staff costs	516,463	481,555
Compensation	452,161	639,953
Legal and consultancy expenses	204,047	107,947
Technical assistance fees – LIC India	8,231	19,523
Penalty*	-	3,496
	3,377,976	**3,462,390**

*The Company has paid penalty in 2021 for the delay of tax payment for prior year.

32. Financial instruments and risk management

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, term deposits with banks, statutory deposits, reinsurance contracts receivables, premium receivable, accrued interest income, policy loans, other assets and investments.

Financial liabilities consist of claims payable, reinsurance contracts liabilities, amounts due to related parties, life insurance funds, Zakat and tax provisions and other liabilities.

The risk associated with financial instruments and the Company's approach to managing such risks are described as follows:

32.1 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net of bank balances and cash (note 14) and equity comprising issued capital, reserves (including investments fair value reserve) and retained earnings.

The issued share capital which is classified as a part of tier 1 capital is above minimum tier 1 capital requirement of BD5,000,000 as per section CA – 1.2.1 of CBB rulebook volume 3.

32.2 Categories of financial instruments

The summary of financial assets and financial liabilities are as follows:

	2022 BD	2021 BD
Financial assets		
Loans and receivables at amortised cost (including bank balances and cash)	305,403,228	175,331,393
HTM investments (Note 8a)	294,357,976	445,475,105
AFS investments (Note 8b)	22,284,398	36,167,037
Investments at FVTPL (Note 8c)	98,604,768	140,747,816
	720,650,370	**797,721,351**
Financial liabilities		
At amortised cost	**645,073,528**	**692,337,121**

32.3 Insurance risk management

Insurance risk is the risk, other than financial risk, transferred from the holder of a contract to the issuer.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

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

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

32.4 Reinsurance risk management

Reinsurance risk is the risk, other than financial risk, transferred insurance contract issued by one insurer to compensate another insurer for one or more contracts issued by the cedant.

In common with other insurance companies, in order to minimize financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

Reinsurance contracts ceded do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements. To minimize its exposure to significant losses from reinsurer insolvencies the Company obtains reinsurance through financially sound reinsurers, being Swiss Reinsurance Company and Munich Reinsurance Company as explained in Note 22.

32.5 Claim development

Disclosure about claims development has not been presented since uncertainty about the amount and timing of claims payments is typically resolved within one year.

32.6 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to market risk with respect to its investments foreign currency denominated financial instruments and interest bearing financial instruments.

32.7 Fair value risk management

Fair value risk is the risk that the fair values of investment securities decrease as the result of changes in the levels of individual prices. Price risk arises from the change in fair values of investment securities. The Company is exposed to fair value risks arising from investment securities. Investment securities are held for strategic rather than trading purposes. The Company does not actively trade in these investment securities.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period. If prices had been 5% higher/lower:

- Profit for the year ended 31 December 2022 would increase/decrease by BD4,930,238 (2021: increase/decrease by BD7,037,391) as a result of the changes in fair value of investment at FVTPL.
- Other comprehensive income and investments fair value reserve would increase/decrease by BD1,036,430 (2021: increase/decrease by BD1,725,735) as a result of the changes in fair value of AFS investments.

The Company limits price risk by maintaining a well-diversified portfolio and by continuous monitoring of pertinent developments in international equity and bond markets.

32.8 Currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's financial assets and financial liabilities are denominated in Bahraini Dinars, United States Dollars, United Arab Emirates Dirhams, Saudi Arabian Riyals, Omani Riyals, Qatari Riyals, Kuwaiti Dinars and Indian Rupees. As the Bahraini Dinar, United Arab Emirates Dirham, Omani Riyal, Qatari Riyal and Saudi Arabian Riyal are effectively pegged to the United States Dollar, balances in these currencies are not considered to represent a significant currency risk. However, balances denominated in Indian Rupees and Kuwaiti Dinars are exposed to movements in exchange rate.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2022 BD	2021 BD	2022 BD	2021 BD
United States Dollars	690,357,507	762,294,968	6,531,085	7,975,605
Indian Rupees	3,346,246	5,839,899	-	-
Saudi Riyals	102,930	59,977	143,793	143,793
Oman Riyals	21,493,635	21,842,052	12,322	16,605
United Arab Emirates - Dirhams	2,273,386	3,497,128	132,795	156,594
Kuwaiti Dinars	1,210,200	1,608,613	184,203	11,228
Qatari Riyals	632,478	677,027	624	692
	719,416,382	**795,819,664**	**7,004,822**	**8,304,517**

Foreign currency sensitivity analysis

The Company is mainly exposed to currency risk with respect to the Indian Rupee and Kuwaiti Dinar.

The following table details the Company's sensitivity to a 10% increase in the Indian Rupee and Kuwaiti Dinar against the Bahraini Dinar considered separately. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit (and a negative number indicates a decrease in profit) where the Indian Rupee and

Kuwaiti Dinar strengthens 10% against the Bahraini Dinar. For a 10% weakening of the Indian Rupee and Kuwaiti Dinar against the Bahraini Dinar, there would be an equal and opposite impact on the profit.

	Profit or loss	
	2022	**2021**
	BD	BD
Impact on:		
Indian Rupee (a)	334,625	583,990
Kuwaiti Dinar (b)	102,600	159,739

(a) This is mainly attributable to the exposure outstanding on Indian Rupee receivables at year end in the Company.

(b) This is mainly attributable to the net exposure outstanding on Kuwaiti Dinar at year end in the Company.

32.9 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's term deposits with banks are at fixed interest rates with variable maturity periods (Note 11). Investments in bonds are at fixed and floating interest rates and include both government and other bonds. The Company holds most of these bonds to maturity and the accounting policy for held-to-maturity investments are set out in Note 2.16.1. Thus repricing, in respect of fixed rate financial instruments, only occurs when funds are being reinvested on maturity of a deposit or bond.

32.10 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages credit risk with respect to receivables from policyholders by monitoring in accordance with defined policies and procedures. Credit risk with respect to reinsurance companies is not considered to be significant.

Insurance receivables are recorded to the extent of the month of October, November and December 2022, and there are no past due receivables. No collateral has been obtained in respect of these receivables.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities or customers.

The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings.

Overall exposure to credit risk

The carrying value of financial assets at the reporting date represents the Company's maximum exposure to credit risk on financial assets as summarised below:

Financial assets	**2022** BD	**2021** BD
Loans and receivables at amortised cost (including bank balances)	305,403,228	175,331,393
HTM investments (Note 8a)	294,357,976	445,475,105
AFS investments (Note 8b)	22,284,398	36,167,037
Investments at FVTPL (Note 8c)	98,604,768	140,747,816
	720,650,370	**797,721,351**

32.11 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Liquidity risk can be caused by market disruptions or credit down grades, which may cause certain sources of funding to dry up immediately.

To mitigate the risk, management ensures it has access to diversified funding sources and assets are managed with liquidity in mind, thereby maintaining a healthy balance of cash and cash equivalents to meet any unexpected liquidity needs. The management of the Company also manages the maturities of the Company's financial assets and financial liabilities in such a way so as to be able to maintain an adequate liquidity ratio.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been presented based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest (where applicable) and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	BD	BD	BD	BD	BD
2022						
Non-interest bearing	-	**5,730,160**	**496,919**	**406,686**	**185,411**	**6,819,176**
2021						
Non-interest bearing	-	**6,990,776**	**710,265**	**471,481**	**350,372**	**8,522,894**

The following tables detail the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the non-derivative financial assets including interest (where applicable) that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	BD	BD	BD	BD	BD	BD
2022							
Non-interest earning		30,480,927	10541918	91,554	13,819,672	-	54,934,071
Variable interest rate instruments	3.74%	6,597,907	7,216,977	72,717,248	7,095,887	5,240,144	98,868,163
Fixed interest rate instruments	4.73%	11,419,487	12,606,637	13,747,721	271,381,690	540,878,406	850,033,941
		48,498,321	**30,365,532**	**86,556,523**	**292,297,249**	**546,118,550**	**1,003,836,175**
2021							
Non-interest earning	-	42,885,703	9,617,248	11,922	24,638,378	-	77,153,251
Variable interest rate instruments	1.11%	12,442,980	53,712,545	43,332,665	8,420,152	84,203	117,992,545
Fixed interest rate instruments	4.87%	2,881,617	2,878,983	35,013,480	217,916,898	622,967,434	881,658,412
		58,210,300	**66,208,776**	**78,358,067**	**250,975,428**	**623,051,637**	**1,076,804,208**

32.12 Fair value measurements

Valuation methods and assumptions

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.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models.

Set out below is an overview of the financial instruments held by the Company as at 31 December 2022 and 31 December 2021:

	2022				
	Held-to-maturity BD	**Available for sale** BD	**At fair value through profit or loss** BD	**Loans and receivables** BD	**Total** BD
Financial assets					
Statutory deposits	-	-	-	707,955	707,955
Investments	294,357,976	22,284,398	98,604,768	-	415,247,142
Policy loans	-	-	-	4,769,176	4,769,176
Reinsurance contracts receivable	-	-	-	167,980,991	167,980,991
Premium receivable	-	-	-	886,145	886,145
Term deposits with banks	-	-	-	90,923,980	90,923,980
Accrued interest income	-	-	-	10,363,249	10,363,249
Other assets	-	-	-	178,669	178,669
Bank balance	-	-	-	29,593,063	29,593,063
	294,357,976	**22,284,398**	**98,604,768**	**305,403,228**	**720,650,370**

	2022 BD
Financial liabilities measured at amortised cost:	
Life insurance fund	637,946,637
Employees' end-of-service indemnity	29,969
Amounts due to related parties	86,234
Zakat and tax provision	300,010
Reinsurance contracts liabilities	80,154
Claims payable	5,130,763
Lease liabilities	20,740
Other liabilities	1,479,021
	645,073,528

	2021				
	Held-to-maturity BD	Available for sale BD	At fair value through profit or loss BD	Loans and receivables BD	Total BD
Financial assets					
Statutory deposits	-	-	-	704,095	704,095
Investments	445,475,105	36,167,037	140,747,816	-	622,389,958
Policy loans	-	-	-	5,072,639	5,072,639
Reinsurance contracts receivable	-	-	-	11,922	11,922
Premium receivable	-	-	-	1,272,500	1,272,500
Term deposits with banks	-	-	-	116,143,699	116,143,699
Accrued interest income	-	-	-	9,525,703	9,525,703
Other assets	-	-	-	1,053,429	1,053,429
Bank balance	-	-	-	41,547,406	41,547,406
	445,475,105	**36,167,037**	**140,747,816**	**175,331,393**	**797,721,351**

	2021 BD
Financial liabilities measured at amortised cost:	
Life insurance fund	683,516,346
Employees' end-of-service indemnity	36,094
Amounts due to related parties	188,476
Zakat and tax provision	300,010
Reinsurance contracts liabilities	110,980
Claims payable	6,215,055
Lease liabilities	28,127
Other liabilities	1,942,033
	692,337,121

32.13 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments 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; and
-**Level 3**: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2022			
	Level 1 BD	**Level 2** BD	**Level 3** BD	**Total** BD
Available-for-sale investment				
Manufacturing	331,378	-	-	331,378
Banking industry	7,456,646	-	-	7,456,646
Oil and gas industry	-	-	-	-
Government sector	2,096,656	-	-	2,096,656
Real estate	2,275	-	-	2,275
Others	5,025,667	5,815,971	1,555,805	12,397,443
	14,912,622	**5,815,971**	**1,555,805**	**22,284,398**
Investments designated at FVTPL				
Manufacturing industry	-	-	-	-
Banking industry	25,767,328	-	-	25,767,328
Oil and gas industry	767,917	-	-	767,917
Government sector	63,296,575	-	-	63,296,575
Real estate industry	1,801,524	-	-	1,801,524
Others	6,971,424	-	-	6,971,424
	98,604,768	-	-	**98,604,768**
	113,517,390	**5,815,971**	**1,555,805**	**120,889,166**

	2021			
	Level 1 BD	**Level 2** BD	**Level 3** BD	**Total** BD
Available-for-sale investment				
Manufacturing	4,056,593	-	-	4,056,593
Banking industry	12,402,217	28,215	-	12,430,432
Oil and gas industry	468,274	-	-	468,274
Government sector	388,694	-	-	388,694
Real estate	65,573	-	-	65,573
Others	8,364,690	8,740,454	1,652,327	18,757,471
	25,746,041	**8,768,669**	**1,652,327**	**36,167,037**
Investments designated at FVTPL				
Manufacturing industry	2,712,509	-	-	2,712,509
Banking industry	47,692,589	-	-	47,692,589
Oil and gas industry	3,215,299	-	-	3,215,299
Government sector	77,129,932	-	-	77,129,932
Real estate industry	1,967,625	-	-	1,967,625
Others	8,029,862	-	-	8,029,862
	140,747,816	**-**	**-**	**140,747,816**
	166,493,857	**8,768,669**	**1,652,327**	**176,914,853**

The date of valuation was 31 December 2022 for the current year and 31 December 2021 for the comparative year respectively.

Reconciliation of movement in Level 1 and level 2 financial instruments measured at fair value

	At 31 December 2021 BD	Acquisitions BD	Disposals/ redemptions/ Transfer BD	Reversal of allowance for impairment BD	Foreign exchange fluctuations **BD**	Losses recognized in other comprehensi ve income BD	At 31 December 2022 BD
Available-for-sale investments	36,167,037	2,863,486	(10,881,601)	3,194	(68,473)	(5,799,245)	22,284,398

	2022 Carrying value BD	2022 Fair value BD	2021 Carrying value BD	2021 Fair value BD
HTM instruments measured at amortised cost				
- Manufacturing	1,795,423	1,735,886	50,654,507	61,135,377
- Banking industry	43,465,047	41,791,995	67,575,992	73,886,842
- Real estate industry	7,563,736	6,996,345	53,276,200	57,538,513
- Oil and gas industry	6,867,158	6,177,514	178,055,442	188,893,479
- Government sector	154,219,872	142,540,326	8,681,130	10,035,751
- Others	80,446,740	73,531,643	87,231,834	102,742,241
	294,357,976	**272,773,709**	**445,475,105**	**494,232,203**

Transfers between Level 1, Level 2 and Level 3

During the year ended 31 December 2022, there were no transfers between Level 1 and Level 2 fair value hierarchies, and no transfers into or out of Level 3 fair value hierarchy (2021: No transfers). In the case of available-for-sale investments, the impairment charge in the statement of comprehensive income would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity (through other comprehensive income) and, would not have an effect on the statements of comprehensive income.

Carrying amount and fair values of financial instruments not carried at fair value

Management assessed that the fair values of statutory deposits, policy loans, reinsurance contracts receivables, premiums receivable, term deposits with banks, accrued interest income, other assets, bank balances, life insurance fund, employees' end-of-service indemnity, amounts due to related parties, Zakat and tax provisions, reinsurance contracts liabilities, claims payable, lease liabilities and other liabilities approximate their carrying values as at the reporting date.

33. Geographical concentration of investments

33.1 HTM investments

	2022 BD	2021 BD
BRICS countries	40,694,881	70,158,923
Developed countries	34,669,462	101,507,570
Other countries	218,993,633	273,808,612
	294,357,976	**445,475,105**

33.2 AFS investments

	2022 BD	2021 BD
BRICS countries	2,616,133	5,595,016
Developed countries	2,746,877	9,578,180
Other countries	16,921,388	20,993,841
	22,284,398	**36,167,037**

33.3 Designated at FVTPL

	2022 BD	2021 BD
BRICS countries	4,862,123	17,650,669
Developed countries	665,144	6,932,605
Other countries	93,077,501	116,164,542
	98,604,768	**140,747,816**

34. Contingencies and commitments

34.1 Taxation

The Director of Income Tax ("DIT") in Kuwait had finalised the Company's tax declarations in respect of the Company's Kuwait operations up to the year 2012.

During first half of year 2021, the tax department under Ministry of Finance, Kuwait completed the assessment of tax and issued demand of BD14,899 (USD39,416) and BD65,625 (USD173,610) for the year 2015 and 2016 respectively. Thereafter, company has filed objections before Kuwait - tax authorities against both these tax assessment orders in May 2021. However, additional tax provision has been made during year 2021 for BD80,524 (USD213,026) against tax demand for year 2015 and 2016. The Company has already filed appeals against the rejection of objections against the tax assessment for the year 2013 and 2014 before the Appeal Committee of Ministry of Finance- Kuwait, for which the decision is pending and had provided BD84,537 (USD223,643) against Tax demand of KD40,241 (USD131,938) and KD27,970 (USD91,705) as at 31.12.2019. Due to no response, the appeal was filed in September 2022 for the objections relating to year 2015 and 2016.

With respect to the earlier operations in Saudi Arabia, the Company did not receive any new tax assessment from year 2009 as of the approval date of this audited financial statement. The provision of BD134,949 was provided in the year 2010.

The Company's Oman Branch's tax assessments for the years 2019 to 2022 have not been completed by the income tax department. The Company's management is of the opinion that the additional taxes, if any, that may become payable on finalization of the pending tax assessments would not be significant to the Company's financial position at 31 December 2022.

34.2 Commitments

	2022 BD	2021 BD
Investment commitments	**62,412**	**188,413**

34.3 Legal case

Mr. Waleed Hassan filed the civil lawsuit no. 02/2021/16267/9 on 30.09.2021 against the Company.

The court in its final judgment of 31.10.2022 ruled to oblige the defendant company to pay the plaintiff an amount of 44,123 BD (is the surrender value of all the policies of Dr. Waleed) for the insurance documents as well as an amount of 465 dinars for translation fee and an amount of 500 BD as Attorney fees. The lawsuit fees are 2,937 BD to be collected from Defendant Company and paid to the Plaintiff. Total Amount payable is 48025 BD.

Dr. Waleed, the plaintiff has to execute the court judgement within 45 days from the date of judgment or go for an appeal. But on 14.12.2022 the plaintiff appealed against the judgement and the next hearing on 02.01.2023. As on 31.12.2022, this is the only pending Lawsuit.

On 02.01.2023 Company's attorney submitted the documents against the appeal of plaintiff Dr Waleed. The court fixed the judgement date for 30.01.2023. On 30.01.2023 court delivered Judgement in our favor and rejected the appeal of plaintiff Mr. Waleed. Total amount payable is 48,024 BD.

35. Capital management policies and procedures

The Board policy is to maintain an acceptable reserve for the Company so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Company uses the available financial surplus by investing in low risk investments whilst achieving acceptable returns for the Company. The CBB regulations require minimum capital of BD5,000,000 to be maintained at all times. Any shortfall in capital is bridged by additional contribution of capital by the shareholders. As at 31 December 2022, the solvency ratio is well above the minimum regulatory requirement of 100%.

	2022 BD	2021 BD
Tier 1 capital	74,954,682	99,107,582
Tier 2 capital	293,535	2,903,194
Deductions from capital	(10,303,869)	(10,376,808)
Regulatory capital (A)	**64,944,348**	**91,633,968**
Solvency margin requirement (B)	**25,798,186**	**27,690,388**
Excess solvency margin (A-B)	**39,146,162**	**63,943,580**
Solvency ratio (A/B)	**251.7%**	**330.9%**

36. Post- reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

37. Life insurance corporation group information

Life Insurance Corporation of India's Group financial information can be accessed at www.licindia.in.

Geographical segments information

	2022			
	Bahrain	United Arab Emirates	Oman	Total
	BD	BD	BD	BD
Premiums:				
First year	514,966	482,362	1,689	999,017
Renewal	5,457,435	8,614,098	360,046	14,431,579
Single premium	1,492,643	20,805,003	-	22,297,646
Unit linked premium	-	-	-	-
Reinsurance ceded	(65,271)	(219,040)	(4,628)	(288,939)
Discount on commutation of premium	(28,552)	(10,266)	(529)	(39,347)
Net insurance premium	**7,371,221**	**29,672,157**	**356,578**	**37,399,956**
Claims incurred	(20,103,208)	(93,622,308)	(1,276,247)	(115,001,763)
Claims recoverable from reinsurers	-	574,595	-	574,595
Change in life insurance fund	8,276,880	36,377,273	248,480	44,902,633
Net underwriting results	**(4,455,107)**	**(26,998,283)**	**(671,189)**	**(32,124,579)**

	2021			
	Bahrain	United Arab Emirates	Oman	Total
	BD	BD	BD	BD
Premiums:				
First year	1,840,715	824,962	46,061	2,711,738
Renewal	8,929,161	12,183,630	437,040	21,549,831
Single premium	6,492,023	17,374,379	16,671	23,883,073
Unit linked premium	1,123	-	-	1,123
Reinsurance ceded	(75,795)	(106,585)	(4,650)	(187,030)
Discount on commutation of premium	(190,664)	(63,081)	(1,473)	(255,218)
Net insurance premium	**16,996,563**	**30,213,305**	**493,649**	**47,703,517**
Claims incurred	(23,369,357)	(50,643,864)	(1,408,097)	(75,421,318)
Change in life insurance fund	(3,964,387)	(312,051)	74,195	(4,202,243)
Net underwriting results	**(10,337,181)**	**(20,742,610)**	**(840,253)**	**(31,920,044)**