BOARD OF DIRECTORS REPORT
ON THE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31st DECEMBER 2021

Dear Shareholders,

After Compliments,

I am pleased to present on behalf of the Board of Directors of Muscat Insurance Company (SAOG) Annual Report on the Company's activities and the audited financial statements for the year ended 31st December 2021

General Overview of the Business Environment:
The overall business environment for 2021 in the Sultanate has remained stable with the Insurance Industry continuing to grow on back of motor and health insurance, though market conditions were highly competitive. MIC like its marketplace competitors is facing an exceptional situation as well as the whole world is in a dilemma of the spread of the pandemic of Coronavirus (COVID - 19). The Board of Directors advised management and the staff to adhere with Supreme Committee decisions. Vaccines were given to all employees of the company to ensure protection from infection and to ensure the business of the company is not disrupted. Our operational resilience has been strong in spite of cyclone Shaheen hit in Oman in October 2021, with our strong reinsurance arrangements as well as continuation of essential customer services made available.

The investment sector was bullish towards the yearend on the back of the increase in the oil sector which reflected into the performance of the local markets. Pursuant to the prospects, the oil prices are expected to stabilize comparatively during 2022. This matter encourages the focus on the new projects.

Business Results
The Gross Premiums decreased by 18% to OMR 13.81 Million from OMR 16.82 Million in 2020.

On the General insurance side, a result of lower volumes in Motor premiums written by 31% comparatively due to a highly competitive market impacted by the spread of the pandemic of Coronavirus (COVID- 19).

On the Life & Medical insurance side gross written premium was OMR 3.25 Million as compared to OMR 4.04 Million for the same period last year due to the strict underwriting guidelines and focus on the profitability.

Our underwriting results declined by 23% to OMR 2.55 Million from OMR 3.30 Million in 2020.

The company has put in place the infrastructure in terms of the qualitative manpower and facilities in terms of customer service support for profitable growth and this will continue in 2022 with our focus on profitability and provision of the best insurance products. Accordingly, General and Administrative Expenses are at OMR 2.89 Million compared to OMR 3.12 Million for the same period in 2020, a decrease of 8%.

The investment result recorded improvement to reach OMR 1.58 Million for 2021 compared to OMR 640K in 2020.The unrealised gain on investments was OMR 494K compared to unrealised loss of OMR 736K in 2020, mainly due to the unrealized gain of the local equity portfolio in

line with the trend in Muscat Securities Market.

The Company adopts a prudent dividend policy, however any dividend distributions are subject to the approval of the shareholders at the Annual General Meeting.

The amount of dividend distributed in the past five years is as follows:-

Year	2016	2017	2018	2019	2020
Cash Dividend	500	500	525	-	-
Bonus shares	100%	5%	5%	-	-

IT System Project
Company's Board of Directors is pleased to announce its investment in new state-of-the art Insurance Management System. The phase of invitation of vendors and evaluation of quotations has been completed on schedule. Currently, efforts are underway to prepare the agreement so that the company can obtain a health insurance licence and make improvements to its entire operations in order to achieve an investment return that would benefit shareholders and the company.

The Future Outlook
The expected improvement in the crude oil price has positive impact and the market is showing signs of détente. However, economy is expected to remain steady in 2022. The Company continues its plan to increase the bottom line through strategic focus on its personal lines and diversification into profitable commercial lines plans of the executive management.

Corporate Governance
The Company continues to implement the Code of Corporate Governance as required by the Laws and Regulations of the Capital Market Authority and other regulatory authorities. The Company maintains a high standard of compliance and best practice as required by the Code of Corporate Governance and the Company’s Corporate Governance policies.

During the year, a Directors and Officers Liability Policy was underwritten covering the company Directors’ & Officers at cost of OMR 46K.

Human Resources
The company adopts the encouragement of national cadres and sustains its survival in all areas of the company's activities. The company provides internal training to meet the needs of Omani employees, motivate and increase the participation of employees in various activities at the head office and branch network. The Board of Directors is keen to encourage the national cadres. I am honoured to inform the shareholders that the Omanization rate in 18 branches of the company is 100%. This is in addition to the company's commitment to work together with the Capital Market Authority and the Ministry of Manpower.

Internal Control Systems

The Company, through its Audit Committee reviews the adequacy, effectiveness and compliances of the internal control procedures. Further, internal auditors and external auditors submit their reports with their observations and recommendations for enhancement of the existing internal control systems. Management reviews those recommendations and takes all necessary steps for continuous improvement.

Corporate Social Responsibility
The Board of Directors approves the Capital Market Authority's initiative on corporate social responsibility. The Board of Directors' belief in the need to promote social contribution, the Company's General Meeting has approved payment of RO 10K for social welfare programs. The Board of Directors proposes to the Annual General Meeting to allocate RO 10K for the Company's Corporate Social Responsibility with regard to the Company's Social Responsibility Initiative Plan 2022.

Acknowledgement
The Board of Directors conveys its thanks to our Customers, Reinsurers, Bankers and Shareholders for their continued and ongoing support.

The Board of Directors especially appreciates the continued support and determined efforts made by the Management and Staff of the Company.

On behalf of the Board, I would like to take this opportunity to express our most humble gratitude and loyalty to His Majesty Sultan Haitham bin Tariq bin Taimour Al Said vision and support for private enterprise in the Sultanate of Oman and pray to the Almighty to shower His everlasting blessing on His Majesty for his good health and long life to allow him to continue to lead us on an enlightened path to future prosperity and development for Oman and its people.

For and on behalf of the Board of Directors,

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Ranjit Singh
Chairman