BOARD OF DIRECTORS REPORT
ON THE UN-AUDITED FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED 31st MARCH 2022

Dear Shareholders,

After Compliments,

I am pleased to present on behalf of the Board of Directors of Muscat Insurance Company (SAOG) the Company's activities and the un-audited financial statements for the First Quarter ended 31st March 2022.

General Overview of the Business Environment & Outlook:

The general business environment for 2022 in the Sultanate has developed positive outlook on account of the sharp increase in the crude oil price. The insurance industry continues to grow due to motor and health insurance. However, during the COVID-19-induced economic slowdown, motor premiums were massively adjusted downward across the GCC region as less traffic meant less claims. The industry is currently failing to make the necessary upward premium adjustments to economically digest the now renewed increased claims burden. The result is likely to be losses in motor portfolios in 2022. MIC is behaving cautiously in this environment and taking all measures to optimize the profitability.

The Company continues its path to increase the bottom line through a strategic focus on its expanded personal lines and diversification into profitable commercial lines. There is an increasing focus on the coverage of new projects in the Sultanate, which are favored by the further improving economic situation. We would also like to highlight the significantly expanded capacity of our reinsurers allocated to MIC indicating a clear vote of confidence.

Business Results

In comparison to Q1/2021, the gross written premiums increased by 5% to OMR 7.586m. We were successful in writing 16% more General Non-Motor business at the expense of Motor premiums where our volume shrank by 32% and where we focus on profitability. We were further successful in shifting our business mix more towards other Non-Motor lines of business, such as Accident/WC (+20%) and Engineering (+28%).

The Life & Health insurance side performed largely stable with gross written premiums recording 4% lower than in the same period last year due to the strict underwriting guidelines and focus on profitability.

Our underwriting results declined by 22% to OMR -0.08m. The company has put in place quality manpower and facilities infrastructure in terms of customer service support to ensure profitable growth. This will continue throughout the year with our focus on profitability and provision of the best insurance solutions. In this context we have strongly streamlined our branch network as per the end of Q1-2022.

Accordingly, General and Administrative Expenses are at OMR 0.72m, a decrease of 8% vs Q1-2021. The investment results recorded an improvement to reach OMR 0.77m (+45%).

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Corporate Governance

The Company continues to implement the Code of Corporate Governance as required by the laws and regulations of its regulatory authorities and maintains a high standard of compliance and best practice under its applied policies.

Human Resources

The company promotes national cadres and supports their career development in all areas of the company's activities. Muscat Insurance provides internal and external training to meet the needs of Omani employees, to motivate them and to increase their participation in various activities at headquarters and in the branch network. The Board of Directors is committed to developing national cadres.

On behalf of the Board, I am honored to inform the shareholders that the Omanization rate in the Company's branch network is 100%. The Company continues to work closely with the Capital Market Authority and the Ministry of Manpower - in the mutual spirit of progress.

Internal Control System

The Company reviews the adequacy, effectiveness, and compliance of internal control procedures through its Audit Committee. In addition, the internal and external auditors submit their reports with their observations and recommendations for improving the existing internal control system. Management reviews these recommendations and takes all necessary steps for continuous improvement.

Acknowledgement

The Board of Directors thanks our clients, reinsurers, and shareholders for their continued and ongoing support. The Board of Directors particularly appreciates the continued support and determined efforts of the Company's leadership and staff. On behalf of the Board of Directors, I would like to take this opportunity to express our humble gratitude and loyalty to His Majesty Sultan Haitham bin Tariq bin Taimur Al Said for his vision and support of the private sector in the Sultanate of Oman, and to pray to the Almighty to shower His Majesty with His everlasting blessings for good health and long life, so that he may 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,

Dr. Loizos Christodoulides
Chairman