

BOARD OF DIRECTORS REPORT
ON THE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31st DECEMBER 2024

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 2024.

General Overview of the Business Environment:

The insurance sector is currently experiencing an imbalanced situation, largely due to the impact of weather-related events in the UAE and the frequent flooding in Oman. These climatic challenges have underscored the vulnerabilities within the global end region, prompting a reevaluation of risk management strategies. The reinsurance market has implemented precautionary restrictions that have become evident within the local market. These measures aim to mitigate risk exposure and ensure the sustainability of insurance operations in the face of increasing environmental uncertainties.

The company is continuously striving to improve its portfolios and achieve a balance in its underwriting processes, while maintaining an appropriate pricing level for all of its products to ensure profitability, despite the sensitivity of prices in the market and the intense competition within the insurance sector.

As the industry navigates these challenges, there is an opportunity to invest in technology to improve risk assessment and pricing models. The company has demonstrated a commitment to measures and has revitalized its technical strength by focusing on underwriting a diverse range of high-quality businesses, in order to continue achieving good results.

Business Results

The insurance revenue increased by 1.36% to OMR 21.016 million from OMR 20.735 million in 2023.

On the General insurance side, the insurance revenue increased by 2.08%, OMR 20.428 million from OMR 20.013 million compared to previous year.

On the Life insurance revenue reduced by 18.57%, OMR 588K as compared to OMR 722K for the same period last year.

Our net insurance service results after considering general attributable improved marginally by 0.84% to OMR (987K) from OMR (995K) in 2023. The negative results primarily stems from the company's efforts to bolster technical reserves for pending claims in the Motor insurance portfolio by around One million Omani Riyals. Muscat Insurance emphasizes flexibility to ensure balance and sustain its market share. the company has rigorously reviewed third-party Motor insurance premiums through actuarial assessments to enhance profitability. During the last year, the company implemented stringent underwriting measures, prioritizing high-quality business while still adapting to market dynamics.

The net profit after tax for the year amounts to RO 368K compared to RO (469K) during the previous year.

Our operational resilience shall assist us to continue to remain strong with new and improved controls, rejuvenated reinsurance support and strong client base.

The company has put in place a vivid strategy to focus on quality business, embark on improved infrastructure in terms of the qualitative manpower and technological enhancements required to enhance customer service support to bounce back with profitable growth

The investment result rose to RO 1.872 million in 2024, up from RO 1.401 million in 2023. This increase is attributed to an unrealized gain of RO 220K from the local equity portfolio and RO 220K related to higher earnings from fixed deposits recognized in the previous year.

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

Due to the strengthening of the company's operational capacity and financial reserves, no dividends have been distributed over the past five years.

The Future Outlook

The Company plans to leverage advancements in the local economy, which is poised for robust growth supported by favourable trends in crude oil prices and a stabilizing market environment. Despite the presence of external global uncertainties, domestic catalysts—such as social protection programs, SME funding initiatives, and housing subsidies—are anticipated to stimulate demand and enhance sectoral resilience. Additionally, significant infrastructure development projects are expected to give a big boost. In this evolving landscape, Muscat Insurance is strategically aligning its priorities on emerging opportunities and elevate both business quality and profitability.

Corporate Governance

The Company continues to implement the Code of Corporate Governance as required by the Laws and Regulations of the Financial Services Authority and other regulatory authorities. The Company maintains a high standard of compliance and best practices 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 20K.

Human Resources

Muscat Insurance Company regularly organizes training programs to enhance the skill levels of Omani employees and motivate them to acquire the necessary competencies. The company is committed to developing the national cadres' talents by providing an appropriate level of training at regular intervals. The company has achieved a 100% Omanization rate across its network of branches.

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 Financial Services Authority 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 2025.

Acknowledgement

The Board of Directors conveys its thanks to the 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 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,

Mohammed Amer Satour
Chairman