

MANAGEMENT DISCUSSION
AND ANALYSIS REPORT

Statement of the main objects and business of the issuer.

The main activity of the Company is to provide Omani Community with a safe secure and sustainable future by providing various kinds of insurance including but not limited to General Insurance, encompassing Fire insurance for fixed assets, Engineering insurance for various construction projects and equipments, Liabilty insurance to protect the economy against loss of life or injury from accidents/negligence, Marine insurance for all local and international transits, Life & Medical Insurance to protect human capital for sustained development, Motor Vehicle insurance to protect the assets and vicarious liability etc.

. In this report, we review the results of the financial year ending of 31 December 2024 in line with enhanced vision of development of the Company of taking into account the nature of the market and economic conditions, that shape the future. We also take into consideration the nature of the risk, which makes this report, and the data contained therein complementary to the financial statements for the year 2024.

2. Methods through which the company achieves its business and development proposal.
Insurance Operations:

Despite increased level of competition within the Omani market amidst large number of local and international insurance companies, the Company managed to maintain its growth rate as per the plans. The company recorded an increase in the Insurance revenue by 1.36% to reach OMR 21.016 million compared to OMR 20.735 million for the same period last year.

Despite high level of claims activity mainly attributable to geo political events/supply chain issues/large climatic events and our consistent effort to comply with the company strategy of maintaining adequate technical reserves against the backdrop of high trend of claim ratio to help sustain the impact of market conditions, the net insurance service result results marginally improved by 0.84% to record OMR (986,889) compared to OMR (995,221) for the same period last year in line with IFRS 17 requirements.

The company's stable arrangement with international reinsurance companies reflects the confidence of reinsurers in the company's corporate skills and ability to evaluate risks. Improved focus on underwriting risk selection,. constant validation of pricing policy and efficient claims management enabled to maintain a reasonable loss ratio in comparison.

Investment Operations:

Investment income recorded an increase of 33.55% to register OMR 1.872 million for 2024 compared to 1.402 million for 2023, mainly due to the unrealized gain on local equity portfolio by OMR 248K in 2024 against the unrealized loss of OMR (416K) in 2023, mainly due to the fluctuation in the market value of HSBC shares during 2023. Additionally, the interest yield on fixed deposits improved to RO 789K, up from RO 555K in the previous year.

Investment Type	2024		2023		2022	
	OMR	%	OMR	%	OMR	%
Bank deposits	12,200,000	46	12,200,000	31	7,405,000	31
Securities	4,043,385	15	3,429,909	24	5,666,087	24
Bonds	1,949,080	8	1,970,991	9	2,243,178	9
Investment Property	8,125,111	31	8,463,502	36	8,800,969	36
Total	26,317,576	100	2,6064,402	100	24,115,234	100
-	-	-	-	-	-	-

*Investment property is recognized in the financial statements by its actual cost value after depreciation.

The Company's Financial Position according to the Insurance Companies Law:

Contingency Provision:

The Company has established a contingency provision to strengthen its financial position through the formation of this provision from profits, in accordance with the provisions of the Insurance Companies Law. The deduction of this provision stops when it reaches an amount equaling the paid share capital.

Contingency reserve	OMR
Contingency reserve 2024	3.827 million

Solvency Margin:

The traditional method of Solvency margin model followed since 1979 replaced with Risk Based Capital approach for Solvency. The Solvency margin framework on Risk Based Capital Approach covers all the significant types of risks and measures the availability of good quality source capital over its capital required based on risks exposures.

Company's Financial Solvency Margin	OMR
Financial Solvency Margin of 2024	5.4 Million

3. Explanation of investment opportunities and obstacles.

During 2024, the investment sector demonstrated a bullish trend, driven by the consistent performance of the oil sector and a rise in interest rates, which had a positive impact on the local market. Muscat Insurance experienced growth in its investment portfolio compared to the previous year. The Company's investment income, totalling RO 1,872K, played a significant role in its overall positive performance. Furthermore, Muscat Insurance's real estate investment has been a valuable addition to its assets, further strengthening the expected return on investments. The company also saw an improved yield on fixed deposits, contributing even more to its strong investment results.

4. Analysis of issuer’s products

The company is an insurance company that implements multiple classes of insurance, general insurance, life assurance & medical insurance. The company has a variety of insurance policies that meet the needs of the customers and is working on developing its insurance products to meet the needs of the growing market.

5. Explanation of the risks the company is facing and how to mitigate them.

The Company is exposed to market risks in respect of its investments. The risk mitigation is based on the following key principles:

- Maintaining a diversified portfolio of its Equity and other asset classes
- By continuous monitoring of the local and international markets
- Following a 2-tier structure of corporate governance towards underlying Investment Philosophy, Strategic Asset Allocation and overall Investment Policy. These tiers include CEO/CFO/CSSO and the Executive & Board for key investment decisions

6. Discussion of the financial and operational performance of the Company including analysis of the financial position of the company, the results of its business during the financial year focusing on explanation of the significant changes in figures.

The salient features on the performance for the current year are as follows:

- a) The investment profit for 2024 was OMR 1.872 million compared to OMR 1.402 million in 2023.
- b) The unrealized gain on investment was OMR 248 in 2024 compared to loss of OMR (416) million in 2023.
- c) The net insurance service result decreased to OMR (986K) in 2024 from OMR (995K) in 2023.
- d) The net result is profit after tax of OMR 368K for the year 2024 compared with a loss of OMR (469K) in 2023.
- e) The Net Worth at year ending 2024 reached OMR 17.728 17.853 million compared to OMR 17.485 million at year end 2023. The Net Assets per share improved at OMR 1.62 in 2024 compared to OMR 1.59 of last year.

7. Time sequence of realized profits and losses, dividends, net equity, for a period of not less than five years:

	(OMR in '000)				
	2020	2021	2022	2023	2024
	(IFRS 4)	(IFRS 4)	(IFRS 17)	(IFRS 17)	(IFRS 17)
Net profit/(Loss)					
after tax	352	770	839	(469)	368
Dividends					
Bonus shares	-				
Total Equity (Net-worth)	16,721	17,480	18,271	17,485	17,853

8. Description of the main activities of the issuer, their geographical location, size, of investment and number of employees.

- Principal Activity: Insurance
- Geographical Location: Muscat, Oman
- Size of Investment is listed entity in Muscat -Stock Exchange (MSX).

Investments carried at fair value through Profit & Loss

OMR 3.299 Million.

The number of staff in the Company as of 31st December 2024 was 130 with an

Omanisation ratio of 84.62%
