
DIRECTORS' REPORT

For the Year Ended 31 December 2022

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Audited Financial Results of ominvest Group for the year ended 31 December 2022. We have recently celebrated our 40 years of achievements, where we also launched our new visual identity. The celebration was held under the patronage of His Excellency Mohammad Al Zubair, one of the founders and the first Chairman of ominvest. The event was attended by government officials, international dignitaries, prominent business leaders and VIPs from the Sultanate of Oman and overseas. I'm pleased to announce that 2022 marks the year the company achieved its highest ever results since inception, both at the Group and Parent level. Below I would like to present our macroeconomic overview and the financial performance of ominvest Group and our major portfolio companies for the year ended 31 December 2022:

Macroeconomic Update

Global economic growth is expected to slow down from 3.2% in 2022 to 2.7% in 2023. Oil prices averaged around USD 98 per barrel in 2022 and is projected to average at around USD 85 in 2023. Global inflation is expected to drop from 8.8% in 2022 to 6.5% in 2023. Global stock market indices started to have positive returns as the capital markets outlook for 2023 suggests that inflation may have peaked, while employment remains strong. The GCC region closed the year 2022 on a high note with a GDP growth close to 7%. It is expected to grow to 5.4% and 3.7% in 2023 and 2024 respectively.

Oman's economic recovery has been gaining traction and real GDP grew by 5% in 2022 and as per IMF, GDP is expected to grow by 5.5% in 2023 mainly driven by an increase in hydrocarbon activities. On the back of the government's prudent fiscal policies and economic recovery, Oman's credit ratings was upgraded multiple times during the year. The latest announcement by Standard & Poor's (S&P) in November 2022 upgraded the Sultanate's rating from 'BB-' to 'BB' with a 'stable' outlook.

Given the current macroeconomic backdrop, we will continue to invest confidently in the GCC region and cautiously in the global markets.

Group Consolidated Performance

During the year ended 31 December 2022, Group revenues increased by 69.9% to RO 336.8m as compared to RO 198.6m for the previous year and the net profit attributable to ominvest's shareholders increased by 85.2% to RO 50m as compared to RO 27m for the previous year. The Group assets increased by 61.8% to RO 1.29bn from RO 0.8bn. The increased revenues and assets are mainly attributable to the acquisition of Royal & Sun Alliance Insurance (Middle East) BSCC ("RSA ME") by our flagship insurance subsidiary National Life & General Insurance Company SAOG.

Parent Company Performance

During the year ended 31 December 2022, Parent Company revenues increased by 52.5% to RO 77.3m as compared to RO 50.7m from the previous year and the net profit increased by 61.6% to RO 49.9m as compared to RO 30.9m from the previous year. The liquidity position of the Parent Company continues to remain robust with a healthy leverage ratio of less than one.

Performance of Key Subsidiaries & Associates:

Jabreen International Development Company SAOC (Jabreen), our subsidiary, is focused on private equity investments in diverse sectors and expanding into new growth markets in Asia. During the year, Jabreen has reassessed accounting classification of its 9.99% shareholding in Bank Muscat SAOG and has reclassified it from 'Investment in Associate' to 'Investment at Fair Value Through Other Comprehensive Income' in accordance with the advice of the statutory auditors due to changes in applicable regulations relating to appointment of Board Members in Joint Stock Companies. The net reclassification gain at the consolidated level has been calculated in accordance with the requirement of International Financial Reporting Standards and amounted to RO 41.6m. The net reclassification gain at the consolidated level is almost equal to the special interim dividend of RO 37.5m received by Jabreen from Bank Muscat along with realised profit on disposal of a minor portion of our stake in Bank Muscat amounting to approximately RO 5 million.

National Life & General Insurance Company SAOG (National Life): During the year, National Life acquired 100% shareholding of RSA ME, a former subsidiary of the British group Royal & Sun Alliance Insurance (RSA). We created an innovative structure where we provided a cash exit to half of RSA Middle East's shareholders. The remaining shares, owned by reputable Saudi shareholders, were exchanged for newly issued NLG shares, making the Saudi shareholders collectively the second-largest shareholders in NLG after ominvest. As a consequence of the issuance of shares by National Life, our shareholding in National Life has been reduced from 78.26% to 52.06%. Post-acquisition of RSA ME, National Life also acquired the remaining 47.5% shareholding in Al Ahlia Insurance Company SAOG, making it a fully owned subsidiary. These transactions mark the start of a new era for the National Life, bringing together best-in-class international solutions and expertise for both commercial and retail clients with an already established medical and life insurance regional player. Our Group financial statements include six months revenues and operational results of RSA ME and our asset base has increased by RO 275m due to this acquisition. Following the acquisition, specialized rating agency, AM Best upgraded National Life's financial strength rating from 'B++' (Good) to 'A-' (Excellent) and long-term issuer credit rating to 'A-', reaffirming the success of synergies of integration and the formation of a new strong regional insurer. This rating reflects the strong capital base and financial stability of National Life.

Gross Written Premium (GWP) increased by 57.8% to RO 231.1m during the year as compared to RO 146.5m for the previous year. Net Underwriting results increased by 70% to RO 27.8m during the year as compared to RO 16.3m for the previous year. Increase in revenues is primarily due to acquisition of RSA ME as well as organic growth achieved by the company. National Life reported a consolidated profit attributable to equity holders of RO 3.7m during the year ended 31 December 2022 as compared to RO 7.5m for the previous year. This decrease in profit is largely attributable to significant one-off effects from lagged claims accrued over the Covid-19 pandemic in the medical portfolios across Sultanate of Oman and Kuwait, which saw an uplift in resumed services and elective treatments. Performance also got impacted due to immense pressure on margins in motor business and one time integration and merger costs. Whilst impactful in 2022, the outlook for 2023 is a return to normal claim levels in line with adjusted consumer behaviour post-pandemic and the regular accessibility of medical care. Corrective measures have been taken to improve profitability going forward.

National Life is now firmly a top 10 insurers in the GCC by GWP, geographical distribution and scale; and we are confident that this position will only further strengthen post completion of the integration in 2023 as it delivers our strategic vision of becoming the pioneering composite insurer across the region, focused on delivering value to our customers and profitable earnings to our shareholders.

Oman Arab Bank SAOG (OAB), our associate in the banking sector, reported a consolidated profit of RO 16.2m for the year ended 31 December 2022 compared to RO 7.1m from the previous year, an increase of 129% driven by a healthy growth in its core operations in both conventional and Islamic banking. The bank's operating profit of RO 47.8m increased by 11% compared to RO 43.2m in 2021. Excluding the one-off income of OMR 5.9 million, the operating profit would have shown increases of 28%. Net loans and advances, including Islamic finance, increased strongly by 11% to RO 3.067m at 31 December 2022 compared to RO 2.753m at 31 December 2021. Customer deposits reached RO 2.992m at 31 December 2022 compared to RO 2.810m at 31 December 2021, an increase of 6%. During the year, OAB exercised the call option and redeemed perpetual subordinated bonds amounting to RO 30m.

National Finance Company SAOG (NFC), our associate in the leasing sector, reported a profit of RO 10.1m for the year ended 31 December 2022 compared to RO 8.6m for the previous year; an increase of 17.5%. NFC's income from financing activity increased by 6.1% to RO 43.5m compared to RO 40.9m in the previous year. NFC will continue to focus on strengthening its efficiencies, customer experience, product offerings and quality of service delivery. NFC continues to remain a market leader amongst finance and leasing companies in the Sultanate of Oman in terms of asset size, branch network, revenues, and profit. NFC saw organic growth and good momentum across all business segments, and we expect NFC to grow further and

consolidate its position in the medium term.

Corporate Citizenship

We are proud to announce that in 2022 we have developed a comprehensive Environment, Social, Governance (ESG) Framework as part of our Sustainability Strategy, which we are integrating into our core business operations and investment activities henceforth. The strategy aligns with stakeholder expectations, industry best practices, and renowned international frameworks.

To ensure accountability, a centralized function was formed to support and track the implementation of our Framework. ESG champions were also appointed across ominvest Group to manage ESG efforts in their respective entities. All champions have undergone a comprehensive training course that built internal capacities and raised awareness of the importance of ESG integration.

Our corporate social responsibility (CSR) activities focused on empowering SMEs and young entrepreneurs. Through our partnership with Zubair Enterprises Development Centre (Zubair EDC) we supported two forward-thinking start-ups that provide solutions to pressing environmental issues. This year has also marked ominvest's fifth year of sponsoring Injaz Oman's Student Company Programme, from the "Schools' Category", which helps entrepreneurial students in developing their business ideas and innovations.

Through our fully owned real estate subsidiary "ORIS", we have volunteered to provide project management services to Al Rahma Association and supported in the construction of the Al Rahma Centre. The Centre will act as a social enterprise hosting 20 shops and is expected to generate income for the Association. ominvest has also committed 20% of its CSR budget to the Oman Charitable Organisation.

Acknowledgements

We are profoundly grateful to our beloved leader His Majesty Sultan Haitham bin Tarik for his great vision and initiatives as he continues to lead the country on the path of development, peace, and enduring prosperity.

On behalf of the Board, I would like to thank the Capital Market Authority, Muscat Stock Exchange, and the Central Bank of Oman, for their continued support and guidance.

I also take this opportunity to thank the management teams and employees at ominvest and across our Group companies for their dedication and hard work.

Khalid Muhammad AlZubair
Chairman