

DIRECTORS’ REPORT

For the period ended 30th June 2025

Dear Shareholders,

On behalf of the Board of Directors of Oman Qatar Insurance Company S.A.O.G. (“OQIC” the company), I am pleased to present the company’s unaudited Financial Statements for half year ended on 30th June 2025 prepared in accordance with IFRS 17 accounting standards. The company achieved a Profit after Tax of RO 1.88 million, compared to RO 1.08 million in the corresponding period of H1-2024. This substantial profit growth was achieved on consistent underwriting performance and much improved investment results in 2025.

Business Environment

The global economy is presently encountering substantial headwinds, with increasing trade related tensions and heightened political uncertainty. This scenario contributes to a deterioration in prospects across most of the world economy. Growth rate is expected to weaken to 2.5% in 2025 from 3.1% anticipated earlier, which marks the slowest rate of global growth since 2008. (as per World Bank report of June 2025)

Economic growth in GCC region is expected to increase in the medium-term to 3.2% in 2025 and 4.50% in 2026 against estimated growth of 1.8% in 2024, which is likely to be driven by the expected rollback of OPEC+ oil production cuts and robust expansion of non-oil sectors. However, global trade uncertainty presents significant challenge to this growth projection. To mitigate these risks, GCC countries need to accelerate economic diversification reforms and strengthen regional trade. The downside risk to this projection includes any probable escalation in geopolitical tension in the region and fallout of the tariff issue.

Oman’s economic outlook remains favorable, with Moody’s upgrading of Oman Long term issuer rating to Baa3 from Ba1 and changed the outlook to stable from positive. Other rating agency S&P has also affirmed the Sultanate of Oman’s long-term sovereign credit rating at ‘BBB-’ with a Stable Outlook, citing the country’s ongoing fiscal reforms and its favorable investment environment as well as prudent fiscal management. Oman economy is expected to grow to 2.2% in real GDP terms at the end of 2025 from 1.7% growth in 2024 as per Ministry of Economy’s economic forecast report 2025. Improved performance of oil sector and sustained expansion of non-oil sector contribute to this positive move.

Company Performance

The Omani insurance market continued to experience intense competition among 16 peers as per FSA report in 2025. The increase in the loss ratio across non-life business segments was primarily driven by unsustainable price competition and a significant rise in motor and medical claims. These challenges have adversely impacted on the underwriting income of insurers. Additionally, Oman’s geographic vulnerability to natural catastrophes has contributed to rising reinsurance costs and tighter capacity, further pressuring the industry.

Amidst this competitive and price-sensitive environment, Oman Qatar Insurance Company successfully maintained a strong market presence, underpinned by a performance-driven approach and constantly addressing ever-evolving customer needs.

The Company recorded Gross Written Premium (GWP) of RO 49.08 million in H1-2025, compared to RO 49.33 million in H1-2024, reflecting a marginal decline of 1%. The

Company continued to occupy third position in terms of GWP market share in Oman, based on preliminary figures published by the Muscat Stock Exchange (MSX) for H1-2025. Insurance revenue declined by 6% to RO 31.48 million, from RO 33.59 million in H1-2024. Insurance revenue under medical & Life segment registered 3% growth during the period. The Property & Casualty lines contracted by 12% due to steep competition among peers. Personal lines also contracted by 10% mainly due to timing variation of premium earnings during the period compared to previous year. Overall contraction in Insurance revenue was due to selective non-renewal of accounts where pricing pressure compromised profitability, in line with the Company’s disciplined underwriting strategy.

The Company reported net insurance finance results of RO 506K for H1-2025, compared to RO 681K in H1-2024. This decline is primarily attributed to prudent reserve strengthening within the medical portfolio and a higher risk adjustment factor driven by revised actuarial assumptions in 2025. In response, OQIC has implemented targeted initiatives to improve portfolio profitability, including the introduction of stricter underwriting guidelines and reinforced claims management protocols.

Net investment and other income rose sharply to RO 2.3 million in H1-2025, representing a 74% increase from RO 1.32 million in H1-2024. This strong performance was driven by improved yields on fixed income instruments and robust returns from the Company’s equity and mutual fund investments across the GCC region. Consequently, profit after tax surged to RO 1.87 million, reflecting a 73% year-on-year increase from RO 1.08 million. This notable growth was primarily attributed to the exceptional performance of the Company’s equity investment portfolio during the first half of 2025.

Shareholders Returns

Positive results achieved by the company have generated attractive returns for investors. Net Asset Value (NAV) per share as on 30th June 2025 was 242 Baizas on 161,218,570 equity shares. Market capitalization stood at RO 31.60 million as of 30th June 2025.

Appreciation

On behalf of the Board of Directors, I thank Ministry of Commerce, Industry and Investment Promotion and the Financial Services Authority for their continued guidance and support. We also affirm our gratitude to our clients and partners for their trust in us, to our shareholders for their strong confidence, and to the company management and staff for their continued efforts.

We would like to extend our sincere best wishes to His Majesty Sultan Haitham Bin Tarik, and we pledge our constant support and commitment for the economic development of the Sultanate for achieving the strategic directions and goals of Oman Vision 2040. We pray to the almighty Allah to protect His Majesty and help Oman continue its progress and transformation under His Majesty’s wise leadership.

Salem Khalaf Al-Mannai

Chairman