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الموافق: 28 مايو 2023 م  
الرقم: 18/ع أ ت / 2023 م

الأفاضل/ شركة بورصة مسقط ش.م.ع.م المحترمين

تحية طيبة وبعد،،

**الموضوع/ الإفصاح عن تغيرات التصنيف الائتماني للشركة العمانية لإعادة التأمين ش.م.ع.م**

بالإشارة إلى الموضوع أعلاه، نود الإفصاح بأن شركة التصنيف الائتماني فيتش قد عدلت النظرة المستقبلية للشركة العمانية لإعادة التأمين ش.م.ع.م من مستقرة إلى إيجابية مع الإبقاء على التصنيف الائتماني عند BB+.

مع التحية،،

  
خالد البلوشي



الشركة العمانية لإعادة التأمين ش.م.ع.م

Date: 8<sup>th</sup> Tho Al Qeda 1444

Corresponding: 28<sup>th</sup> May 2023

No. 18/ORC/2023

Dear, Muscat Stock Exchange Company SAOC

After compliments,

**Sub/disclosure of credit rating updates for Oman Reinsurance Company SAOG**

With reference to the above subject, we would like to disclose that Fitch ratings has revised the outlook for Oman Reinsurance Company SAOG from stable to positive while maintaining the credit rating at BB+.

Best regards,



Khalid Al Balushi

Oman Reinsurance Company SAOG



Fitch ratings press release is attached

RATING ACTION COMMENTARY

# Fitch Revises Oman Reinsurance Company's Outlook to Positive; Affirms IFS 'BB+'

Thu 25 May, 2023 - 6:26 AM ET

Fitch Ratings - Dubai - 25 May 2023: Fitch Ratings has revised Oman Reinsurance Company SAOG's (Oman Re) Outlook to Positive from Stable, while affirming its Insurer Financial Strength (IFS) Rating at 'BB+'.

The Outlook revision reflects the same on the Omani sovereign rating and similar rating actions on five Fitch-rated banks in the county. Oman Re continues to be exposed to investment risk via its asset concentration in the Omani banking system. The affirmation reflects Oman Re's good financial performance and capitalisation but moderately weak business profile.

## KEY RATING DRIVERS

**Improved Asset Risk:** Fitch views Oman Re's investment and asset risk as moderately weak but improving following the revision of the Outlook of Oman's Long-Term Local-Currency Issuer Default Rating (LC IDR) of 'BB' to Positive from Stable. Following the revision of the outlook of the sovereign, Fitch also revised the Outlook on the Long-Term IDRs of five Omani banks to Positive.

**Investments Concentrated in Oman:** Forty-four per cent of Oman Re's total investments were cash deposits at Omani banks at end-2022 whereas 23% were invested in US dollar-denominated government bonds. Oman Re aims to diversify its

investment portfolio to reduce this concentration risk, but we expect exposure to Omani assets to remain significant and to continue to drive the rating in the medium term. Oman Re's risky assets-to-capital ratio was 74% at end-2022 (end-2021: 69%), which Fitch views as strong for the rating.

**Operating Scale Small but Well-Diversified:** Fitch regards Oman Re's business profile as 'Least Favourable' relative to that of global reinsurance companies. However, Oman Re is well-diversified locally with a substantive business franchise in the Middle East. We view its business risk profile as 'Less Favourable' since property, fire and marine lines are more volatile than health and motor, which dominate most of the markets Oman Re writes business in.

**Good Underwriting Performance:** Fitch views Oman Re's financial performance and earnings as good, reflected in a Fitch-calculated combined ratio of 99% in 2022 (2021: 103%). Oman Re's net income return on equity remained broadly flat in 2022 at 5.6% (2021: 4.9%), supported by good underwriting returns. Its five-year average return on equity was 4.6% at end-2022, which Fitch views as good. Oman Re suffered losses as a result of the earthquake in Turkey in 1Q23 but the net impact is manageable and Oman Re remains well-protected by reinsurance, in Fitch's view.

**Good Capitalisation:** Fitch's view of Oman Re's good capitalisation is underlined by a Prism Factor-Based Model (FBM) score of 'Strong' at end-2022 (end-2021: 'Adequate'). The improvement was driven by a reduction in catastrophe risk exposure in 2022. Oman Re had no debt at end-2022.

**Prudent Reserving:** Oman Re's prudent reserving is a rating strength. The company has maintained consistent reserve releases over the past five years.

## **RATING SENSITIVITIES**

Factors That Could, Individually or Collectively, Lead to Upgrade:

- An upgrade of the Omani sovereign's or Omani banks' ratings
- Reduced exposure to the Omani banking system via a significant rebalancing of the investment portfolio away from term deposits in Omani banks

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- A downgrade of Omani banks' ratings, or a two-notch downgrade of Oman's sovereign rating

-- A decline in capitalisation, as measured by Fitch's FBM, to below 'Adequate'

## BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg)

## RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡	PRIOR ⚡
Oman Reinsurance Company SAOG	LT IFS    BB+ Rating Outlook Positive Affirmed	BB+ Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

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**APPLICABLE CRITERIA**

[Insurance Rating Criteria \(pub. 15 Jul 2022\) \(including rating assumption sensitivity\)](#)

**APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Factor-Based Capital Model, v1.8.0 (1)

## **ADDITIONAL DISCLOSURES**

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## **ENDORSEMENT STATUS**

Oman Reinsurance Company SAOG

UK Issued, EU Endorsed

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