

Chairman's Report – March 2020

Dear Shareholders,

On behalf of the Board of Directors of Vision Insurance SAOG, I present the financial performance of your Company for the three months period ended on March 31, 2020. Results of this quarter was adversely affected by the devastating effect of Pandemic Covid 19 on the human civilization. The equity market across the GCC was significantly impacted by crash in crude oil price, thereby affecting the investment income during the quarter. Also, lower Underwriting Profits due to some adverse Motor results has resulted decrease in Profit After Tax to RO 301K as compared to RO 673K in 2019. Due to Unrealized Losses on equities and mutual fund investments during the quarter, Total Comprehensive Loss posted for the period was RO (342K), against Comprehensive Income RO 877K in 2019.

Key Financial Highlights:

Key Financial Highlights are as presented below:

- Gross Written Premium of RO 9.06 Million, higher by 2.6% over RO 8.84 Million of 2019. Growth in premiums witnessed in Non-Motor segment with drop both in Motor and Life & Health segment.
- Net Written Premium at RO 1.98 Million against RO 2.14 Million of 2019, mainly due to drop in motor premium.
- Gross Underwriting Surplus decreased by 14% to RO 1.15 Million from RO 1.33 Million in 2019. Whilst Non-Motor Underwriting results were higher than 2019, the overall results were impacted by adverse Motor Underwriting results due to higher claims reported during the period. Corrective measures have been implemented to reverse the adverse trend in Motor.
- Realized Investment Income was RO 76K, lower by 71% over RO 260K in 2019.
- As a CSR initiative, a contribution of RO 75K was made to the Health Endowment Fund set up by the Government of Oman in March 2020 dedicated to the financing of healthcare services in the Sultanate.
- Management Expenses for Q1 2020 was at RO 815K, marginally higher than RO 801K in Q1 2019.
- The combined impact of adverse Motor results and realized losses in investment on the Profit After Tax (PAT) for the period was RO 301K against RO 673K in 2019.
- Due to overall valuation losses arising out of Covid 19 effect on equity market around the globe, other Comprehensive Income for three months ended March 31, 2020 was RO (642K) against income of RO 240K in 2019. Whilst MSM Index was down by (13.39%) during the period, overall S&P GCC composite index was down by (24.85%).
- Cumulative Investment Valuation Losses upto March 2020 was RO (434K) against valuation gain of RO 208K as at January 01, 2020.

Outlook for 2020:

The impact of Pandemic Covid 19 emerged from Wuhan province in China is still ongoing in the entire world with more than 200,000 loss of human life so far. The true economic impact of this largest human catastrophic after the second world war is still to be assessed. Government across the world are declaring economic stimulus for the commerce and industries to survive this onslaught and many Government across GCC region already announced pruning of budget spending to confront depleting revenue from falling crude oil price. All these

Interim Condensed Statement of Financial Position as at 31 March 2020

	31-March 2020 RO	31-March 2019 RO	2019 (Full Year Audited) RO
ASSETS			
Cash and bank balances	2,350,414	3,364,231	2,453,638
Deposits	13,203,156	13,769,142	14,248,642
Insurance and other receivables	10,427,460	7,893,317	6,822,621
Reinsurance assets	28,813,579	31,670,277	31,339,380
Available-for-sale investments	6,038,946	6,668,585	6,885,004
Property, furniture and equipment	445,212	367,750	490,395
TOTAL ASSETS	61,278,767	63,733,302	62,239,680
EQUITY AND LIABILITIES			
Equity			
Share capital	10,000,000	10,000,000	10,000,000
Capital reserve	87,182	87,182	87,182
Fair value reserve	(434,543)	95,610	208,071
Legal reserve	1,072,832	950,854	1,072,832
Contingency reserve	2,550,258	2,205,765	2,550,258
Retained earnings	352,051	770,473	851,134
Total equity	13,627,780	14,109,884	14,769,477
Liabilities			
Insurance contract liabilities	35,282,082	38,821,816	37,867,274
Employees' end of service benefits	330,383	296,760	305,929
Trade and other liabilities	12,038,522	10,504,842	9,297,000
Total liabilities	47,650,987	49,623,418	47,470,203
TOTAL EQUITY AND LIABILITIES	61,278,767	63,733,302	62,239,680
Net assets per share (RO)	0.136	0.141	0.148

factors will affect the current year outlook. In this grim economic scenario across the world, Company is hopeful to retain its present insurance portfolio with cautious approach on acquiring any new profitable business proposals.

Motor portfolio is closely monitored to manage the further softness in the pricing levels and the increase in the flow of claims. Corrective actions such as rating corrections, closure of non-performing locations and rationalization of expenses have been taken to reverse the trend in the Underwriting Results. These measures are expected to yield results in the quarters to follow.

Acknowledgement:

On behalf of all Board Members, the Management and employees of the Company, I express our profound sense of respect, admiration and gratitude to His Majesty Sultan Haitham Bin Tarik for his inspiring and visionary leadership for continued stability, growth and prosperity for Oman and the people of Oman. We remain thankful to Capital Market Authority and other regulatory authorities for their support. We greatly value the confidence and support extended to the Company by all our clients, business partners shareholders and our employees and we sincerely thank them all.

We join the people of our beloved country in wishing our revered leader His Majesty Sultan Haitham Bin Tarik many more years ahead of good Health, Peace and Prosperity.

Ali bin Mohammed bin Juma Al Lawati
Chairman

May 05, 2020

Interim Condensed Statement of Comprehensive Income For the period ended 31 March 2020

	Unaudited 3 month Ended 31 March 2020 RO (Unaudited)	Unaudited 3 month Ended 31 March 2019 RO (Unaudited)
Income:		
Gross insurance premiums written	9,067,474	8,841,320
Reinsurer's share of gross insurance premiums written	(7,087,161)	(6,697,389)
Net insurance premium written	1,980,313	2,143,931
Change in unearned premium reserve ("UPR"):		
Gross change in UPR	(28,754)	(2,644,463)
Reinsurer's share of UPR	86,087	2,613,718
Net change in UPR	57,333	(30,745)
Net insurance premium revenue earned	2,037,646	2,113,186
Investment income, net	75,655	260,339
Other operating income	40,418	40,383
Other Income	12,570	(279)
	2,166,289	2,413,629
Expenses:		
Gross claims and loss adjustment expenses paid	3,896,584	3,601,648
Reinsurer's share of the gross claims and loss adjustment expenses paid	(2,073,926)	(2,103,755)
Gross change in insurance liabilities	(2,613,946)	1,720,169
Reinsurer's share of the gross change in insurance liabilities	2,611,889	(1,833,345)
Expenses on acquisition of insurance contracts (net)	(893,258)	(566,196)
General and administration expenses	890,495	801,667
	1,817,838	1,620,188
Profit for the year before taxation	348,451	793,441
Income tax	(47,534)	(120,794)
Profit for the year after tax	300,917	672,647
Other comprehensive income (expense)		
Items that will be reclassified to profit or loss		
Net change in fair value of available-for-sale investments	(642,614)	204,111
Other comprehensive income for the period, net of tax	(642,614)	204,111
Total comprehensive income for the period	(341,697)	876,758
Earnings per share	0.003	0.007
Total comprehensive income per share	(0.003)	0.009

All financial data are available on the website of the Capital Market Authority. A copy in English or Arabic Language will be sent to any shareholders requesting so within 7 days from the date of receiving the request.

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