



المدينة تكافل  
Al Madina Takaful

Dear Shareholders,

Assalamu alaikum wa rahamatullahi wa Barakatuh!  
(May the Peace, Mercy and Blessing of Allah be with you!)

On behalf of the Board of Directors, and Management team of Al Madina Insurance Co (“Al Madina”), it gives me great pleasure to present to you the financial results achieved by your company for the period ending on 31<sup>st</sup> March 2023.

The financial results delivered by your Company reflect its intent to deliver consistent surplus from Insurance operations so that the Policyholder’s interest is safeguarded while we continue to reward our shareholders.

Al Madina continues to maintain a healthy and well-balanced portfolio across all lines of business. Your Company is constantly enhancing its customer experience by ongoing process enhancements, efficient claims servicing, and by adopting best international practices in the field of insurance operations.

### **Operating Environment**

The economic environment continues to be challenging where pressure on pricing prevails in the insurance market. Whereas the global insurance & reinsurance markets have also been witnessing rate corrections and insurers operating margins are shrinking. In these tough circumstances your Company achieved a Gross written contribution of RO 8.53 million as of first quarter of 2023 as against 9.29 million during the same period of 2022. This was due to the application of strict underwriting discipline and a focused sales strategy where the Company consciously did not renew certain loss-making accounts which contribute negatively to the Company’s profitability. This is evident in 4% increase in profit after tax despite a decrease in Gross written contribution.

### **Results from Operations**

Your Company continues to deliver stable growth while strengthening the adequacy & sufficiency of its reserves. The Company registered a 3% growth in Net Earned Contributions amounting to RO 3.72 million in the 1<sup>st</sup> Quarter of 2023 as compared to RO 3.63 million in the corresponding period of 2022. However, simultaneously an 8% increase in the incurred claims was witnessed in the first quarter of 2023 which impacted the combined net surplus from operations.



المدينة تكافل  
Al Madina Takaful

## **Investment Income**

The investment performance of your company has been encouraging and achieved a 4% growth in Q1-2023 as compared to Q1-2022. Investment income of RO 437 K was registered for Q1-2023 as against RO 422K for the corresponding period.

Your Company prudently manages all its investments and will continue to look at growing opportunities within the Islamic Finance space for optimizing its Investment Income in line with the Company's risk appetite.

## **Profitability of the company**

Despite the increase in incurred claims, the Company reported a 4% increase in profit after tax of RO 465K as compared to RO 446K for the corresponding period.

## **Risk Management**

Your Company constantly evaluates its risks associated with the insurance business as well as its investments and adopts necessary measures to manage these risks.

## **Company's Outlook & Vision**

As we embark into the post-pandemic era, we are extremely optimistic about the year 2023, as the Insurance industry in Oman is poised for a period of stable growth and the overall outlook appears to be positive, as markets have witnessed some stability in the oil prices.

Our emphasis will be on stability and sustainable growth, while keeping the focus on some key drivers such as customer service, launching of new products, technological innovations, and regulatory changes. Much will also depend on how the global reinsurance market responds to the rapid frequency of natural catastrophic events in Oman, subsequently impacting reinsurance pricing in addition to the availability of reinsurance capacities and issues of risk concentrations. Apart from these, public spending, foreign investment, market credit issue and cashflow will also be crucial factors for the growth of the Insurance industry.

Our position in the market, combined with strong underwriting fundamentals will enable us to continue our endeavor to provide sustained growth and profitability to all stakeholders in FY2023. We expect to maintain our market position in line with our projection for FY2023 by strengthening the distribution channels and supply chains. Furthermore, mandatory health insurance is expected to be launched soon and it is expected to give a thrust to the Health Insurance market. Al Madina has fulfilled the licensing requirement and awaits further instructions from the Capital Market Authority.



المدينة تكافل  
Al Madina Takaful

The Company continues to maintain its steady track record of having always been driven by and supportive of national objectives, such as in job creation and Omanization.

Al Madina will focus on its mission of Superior Customer service with many technology-driven innovation and consumer centric strategies. The Company, with its well-planned growth strategy and business continuity plan is well positioned to achieve stable growth and Operational Profit in 2023 through disciplined underwriting, Process efficiency, Expense management and focused sales planning.

Al Madina will continue to invest in IT upgrades, Process automations and digitization of Insurance processes which is expected to provide the necessary platform for a positive engagement with customers and grow on the back of superior customer service.

The Company will also keep looking at growing opportunities within the Islamic finance space to generate stable yield on its investment book and to achieve the targeted investment returns for shareholders and policyholders.

## **Acknowledgements**

It gives me immense pleasure to express appreciation on behalf of the Board. We extend our thanks to our customers, business partners, shareholders, Sharia Supervisory committee, and staff members, for their support and contributions. We also thank and appreciate the Capital Market Authority for their constant support and their initiatives oriented towards the Insurance market, with a special emphasis on the development of Takaful Insurance in the Sultanate.

On behalf of the Board, I take this opportunity to express our most sincere gratitude to His Majesty Sultan Haitham Bin Tariq Al Said, for his dynamic and progressive leadership. We are confident that under the leadership of His Majesty, the Sultanate will continue to march toward further progress, development, and prosperity.

May God Bless you all.

**Dr. Mohammed Ali Al Barwani**

Chairman of the Board.