His Majesty Sultan Qaboos Bin Said
Sultan of Oman

Contents

Board of Directors

upto 12 January 2015

H.E. Sheikh Yaqoub bin Hamed Al Harthy
Chairman

Mr. Humaid bin Masoud Al Maqbali
Representative of the Ministry of Finance

Mr. Nasir bin Khalfan Al Alawi
Representative of the Ministry of Commerce & Industry

Sheikh Said bin Saleh Al Hinai
Representative of the Oman Chamber of Commerce & Industry

Mr. Samir Saied
Representative of the Oman Development Bank SAOC

Management

Mr. Nasir bin Issa Al Ismaily
General Manager*

*Retired on March 1, 2015



Board of Directors

H.E. Said Saleh Said Al-Kiyumi
Chairman

Mr. Khalifa Said Salim Al-Abri
Representative of PADME

Mr. Hamed Salim Mansoor Al-Harthy
Representative of the Oman Development Bank SAOC

Mr. Idris Yahya Ahmed Al-Hasni
Representative of the Ministry of Finance

Ms. Faiza Hamed Mohammed Al-Musharfiya
Representative of the Ministry of Commerce & Industry

Management

Mr. Imaad Soud Hilal Al-Harthy
Acting General Manager



Board of Directors Report

On behalf of the Board of Directors, I am pleased to present the annual report of the Export Credit Guarantee Agency of Oman SAOC for the financial year ended 31st December 2014.

As per the International Monetary Fund, the global economy in 2014 has grown at a disappointing rate of 2.7%. This was due to slowing growth in China as well as economic contraction in Russia and decline in oil prices which has affected oil producing countries. For 2015, it is expected to go up by 3.5%.

During 2014, the Omani economy achieved a real growth rate of 5.2% which far exceeded the growth rate of the global economy. However this is expected to go down in 2015 because of decline in oil prices despite higher government expenditure provided in the budget.

It is also encouraging that the level of the Omani non-oil exports (excluding re-exports) 2014 reached at RO.4125.5 million compared to RO.3806.9 million for 2013, or increases of 8.4%. It is also encouraging as it is higher than the global export growth rate of 5%.

ECGA of Oman through its credit insurance and other valuable services to certain extent contributed to such remarkable growth as insured exporters are more at ease in exploring new buyers and international markets as well as increasing their businesses with existing overseas buyers knowing that the non-payment risks are covered by the Agency. ECGA's commitments to exporters for both their exports and domestic businesses have been highly supportive as it continues to meet their needs for credit insurance.

It is worth mentioning that the total cumulative credit limits issued to exporters by the Export Credit Guarantee Agency of Oman as of the end of the year 2014 were RO.734.8 million compared to RO.673.4 million in 2013. The year 2013 covered exports to 5432 buyers compared to 5645 buyers to 108 countries world-wide.

It is worth mentioning that the final cost of ECGA's new own building amounted to RO.3.15 million. The cost of the building was from ECGA's own internal generated funds. As an investment, the Agency has benefitted from rent as it provides steady income and supplement the Agency's sources of income. This is important in view of its growing commitments to exporters. The expected payback period for the building is around 7 years with annual rental income return of 18%.

The Agency generated net profit after tax of RO.343,970/- in 2014 compared to RO.291,036/- in 2013 or an increases of 18.2%. It is also worth mentioning that its capital, accumulated reserves and retained earnings, as of the end of 2014 stands at RO.14,587,521/- against its original capital of RO.7 million. This is more than double of its original capital. Its earning per share increased from RO.0.042/- in 2013 to RO.0.049/- in 2014.

The Agency has managed successfully to renew its Reinsurance Treaty with international private reinsurers under its Quota Share Reinsurance Treaty for 2015. The reinsurers were pleased with the sound underwriting results of the Agency over the years.

I would like to extend my sincere appreciation to management and staff of the Agency for their firm commitment and dedicated services to the Agency which has no doubt contributed immensely towards its outstanding and successful performance during the year. I would also like to express my gratitude to the exporters for their trust, support and confidence for continuously availing its services. My special thanks goes to the previous members of the Board of Directors of the Agency under the Chairmanship of Sheikh Yaqoob bin Hamed Al-Harthy for such successes as well as to its management.

To conclude, I would like to convey on behalf of myself and my colleagues in the Board of Directors our deep gratitude to His Majesty The Sultan for the attention and support which His Majesty and His Government are extending to the private sector in general and to the promotion of the export sector in particular.

Said bin Saleh Al-Kiyumi

Chairman of the Board of Directors



Report on the activities and operations of ECGA

FOR THE YEAR ENDED 31ST DECEMBER 2014

Introduction and Background

The Export Credit Guarantee Agency of Oman (ECGA) has continued to play a catalyst role through its concerted efforts of promoting Omani non-oil exports by extending its credit insurance and financial services to Omani exporters. ECGA has always striven to accommodate the needs and expectations of Omani exporters by providing a range of export facilities which include export credit insurance which cover the risks of non-payment due to commercial and non-commercial (political) risks, post-shipment financing of exports through bills discounting with commercial banks, pre-shipment financing for needed working capital and domestic credit insurance It has witnessed significant developments and highly successful accomplishments for the past years in the promotion and encouragement of the Omani non-oil exports covering both commercial and non-commercial risks to exporters. It has continued through the years to provide timely and efficient credit insurance and other guarantee and financing services. The Agency's export credit insurance services have been highly successful in attracting growing number of Omani exporters.

Goals & Objectives of the Agency

The primary goal of The Export Credit Guarantee Agency of Oman (ECGA) is to promote Omani exports. It presently does this by providing export insurance cover to Omani non-oil exporters against commercial and non-commercial risks, assisting exporters in availing post-shipment financing facilities for credit insured exports at concessional interest rates and issuing guarantees to commercial banks to grant pre-shipment financing facilities to exporters. It also provides guarantees of payment in respect of domestic commercial transactions between local buyers and sellers against local commercial risks provided that the sellers are also exporting and their export sales are credit insured by the Agency.

The Agency's activities have been enhanced to include guarantees to local commercial banks for confirming letters of credits related to Omani exports to non-conventional, difficult or new markets.

Global Economy

Global economy is gradually strengthening with advanced economies including the U.S and core Euro area showing growing trend. IMF has lowered global GDP growth forecast in 2015 to 3.5% from 3.8% mainly led by weakness in China and Eurozone. Economic growth in the OECD's higher income countries was 1.2% over the year. The U.S. and Japan have a slightly higher growth rate than the OECD average. The US is expected to growth by 3.6% in 2015 compared to 2.4% in 2014. GDP growth of GCC countries will be lower in 2015 on account of decline in oil price. While Saudi Arabia is expected to grow at 2.8% in 2015 compared to 3.6% in 2014, UAE is expected to grow at 4.3%. The Table that follows list the growth rate for 2014 and projections for 2015 as well as comparison of the actual growth since 2012 for the World, Region and selected countries based from the International Monetary Fund. However, the World Bank has predicted the global economy would grow 3% this year and 3.3% in 2016.

Overview of the Word Economic Outlook Projection

(Percent change unless noted otherwise)

	2012	2013	Projections	
			2014	2015
World	3.5	3.2	3.4	4.0
Advance Economies	1.4	1.3	1.8	2.4
USA	2.8	1.9	1.7	3.0
Euro Area	-0.7	0.4	1.1	1.5
Germany	0.9	0.5	1.9	1.7
France	0.3	0.3	0.7	1.4
Italy	-2.4	-1.9	0.3	1.1
Spain	-1.6	-1.2	1.2	1.6
Japan	1.4	1.5	1.6	1.1
United Kingdom	0.3	1.7	3.2	2.7
Canada	1.7	2.0	2.2	2.4
Other Advanced Economies	2.0	2.3	3.0	3.2
Emerging Market and Developing Economies	5.1	4.7	4.6	5.2
Commonwealth of Independent States	3.4	2.2	0.9	2.1
Russia	3.4	1.3	0.2	1.0
Excluding Russia	3.6	4.2	2.4	4.4
Emerging and Developing Asia	6.7	6.6	6.4	6.7
China	7.7	7.7	7.4	7.1
India	4.7	5.0	5.4	6.4
Asian	6.2	5.2	4.6	5.6
Emerging and Developing Europe	1.4	2.8	2.8	2.9
Latin America and the Caribbean	2.9	2.6	2.0	2.6
Brazil	1.0	2.5	1.3	2.0
Mexico	4.0	1.1	2.4	3.5
Middle East, North Africa, Afghanistan, and Pakistan	4.9	2.5	3.1	4.8
Sub-Saharan Africa	5.1	5.4	5.4	5.8
South Africa	2.5	1.9	1.7	2.7

Source: IMF – July 2014



Oman Economy

On the macroeconomic front, Sultanate's gross domestic product (GDP) grew in 2014, increased by 5.2% at the current prices at RO.23.619 billion as compared to RO.22.451 billion in 2013 representing an increases of 5.2%

The World Bank's estimates are in line with the Oman government's expectations announced in this year's budget. The Bank, however, forecast Oman's GDP growth to be lower at 3.9 per cent in 2016 and 4.0 % in 2017 in view of lover oil prices. According to the World Bank Group's Global Economic Prospects 2015 report shows Sultanate's economy grew by an estimated 4.4 per cent in 2014, down from 5.1 per cent in the previous year. Saudi Arabia's economy is estimated to grow by 4.1 per cent in 2015, down from 5.2 per cent last year.

The report indicated that Oman's current account balance dropped sharply to three per cent of GDP in 2014 from 9.2 per cent in 2013 and is expected to fall further, into negative territory (-4.9 per cent), next year.

Oil prices are expected to remain at low levels in the first half of 2015 due to excess supply of oil and slower global demand. IMF expects oil price to average $57 per barrel in 2015 which implies a recovery in prices during the year once US shale supply starts to dwindle.

The average price of Oman crude remained almost flat at US$105.45 per barrel in the 2014 period, compared with US$105.51 in the corresponding period last year.

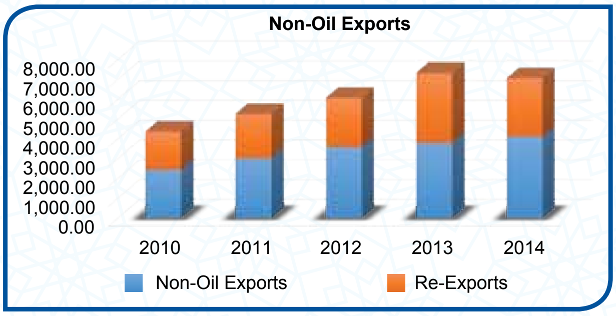
While total oil production inched up 0.6 per cent to 287.8mn barrels for the period under review, daily production averaged 946,800 barrels, up from 940,800 barrels last year.

The government has set a production target of 980,000 barrels per day for next year, which is over 3% per cent above the 2014 target of 950,000 barrels.

Through the government has provided for higher expenditure in 2015 budget, actual spending needs to be seen if oil continues to stay low for a prolonged period of time.

Growth of Omani Non-oil Exports

As per the National Centre for Statistics & Information, the level of Omani non-oil exports (excluding re-exports) in 2014 reached at RO.4125.5 million compared to RO.3806.9 million in 2013 or an increase of almost 8.4%. The level of re-exports were RO.2944.1 million in 2014 compared to RO.3252.4 million in 2013. The table below provides a break-down of non-oil exports from 2010 to 2014.



	2010	2011	2012	2013	2014
Non-Oil Exports	2,448.2	3,033.2	3,594.1	3,806.9	4,125.5
Re-Exports	1,921.7	2,247.6	2,486.3	3,541.4	2,944.1
Total Non-Oil Exports (Non-Oil & Re-Exports)	4,369.9	5,280.8	6,080.4	7,348.3	7,069.6

Rating

As per the December 2014 (Issue No.671) of *International Trade Finance Magazine* published by Informa Professional, the Emerging Market Risk Indicators for the Middle-East countries were as follows:

Country	Preferred payment terms	Coface grading	Moody›s sovereign rating	Fitch sovereign rating	Credendo Group short-term political risk rating	Credendo Group medium-to long- long-term political risk rating	D&B rating
Bahrain	ILC	A4	Baa2	BBB+	3	4	4
Iran	CIA	D	-	-	7	7	6
Iraq	CIA	D	-	-	6	7	7
Israel	OA	A3	A1	AA-	3	3	3
Jordan	ILC	B	B1	-	3	5	5
Kuwait	SD/OA	A2	Aa2	AA+	2	2	4
Lebanon	ILC	C	B1	B	5	7	5
Oman	**OA**	**A3**	**A1**	**-**	**1**	**2**	**3**
Palestine	CLC	-	-	-	7	7	-
Qatar	OA	A2	Aa2	-	1	3	3
Saudi Arabia	OA	A4	Aa3	AA+	1	2	3
Syria	CIA	D	-	-	7	7	7
Turkey	ILC	B	Baa3	BBB	3	4	4
UAE	OA	A3	Aa2	AA+	2	2	3
Yemen	CLC	D	-	-	7	7	6

OA = Open Account ILC = Irrevocable Letter of Credit CIA = Cash In Advance

CAD = Cash against Documents NA = Not available CLC = Confirmed Letters of Credit

SD = Sight draft 30/SD to180/SD – days sight draft WR = Withheld rating

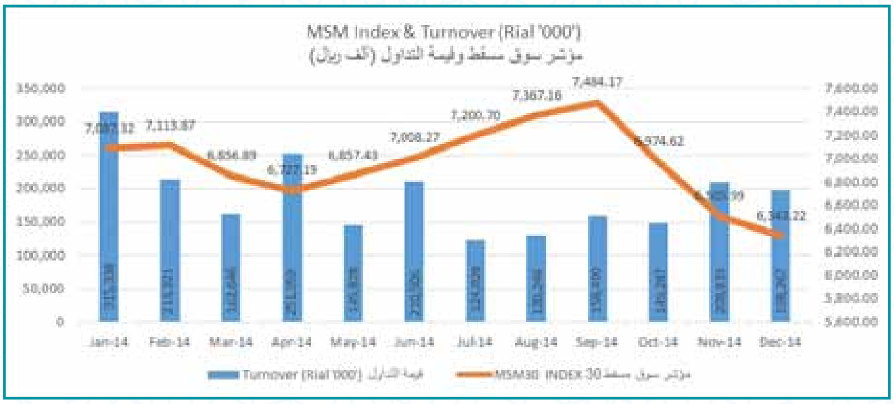
Market Outlook

The MSM 30 Index closed at the end of year 2014 at 6,343.22 recording decreases of -491.3 points representing -7.19% compared with last year. The market capitalization increased by 2.89% compared with 2013, reaching around RO.14.56 Billion in this year. Trading value in 2014 reached RO.2.27 Billion with daily average RO.9.30 Million, recording increase of 0.6% compared with 2013 which reached RO.2.26 Billion with daily average RO. 9.17 Million. The financial sector comes first with RO. 1,219 Million representing 53.74% of the total value, followed by Services sector with RO. 736 Million representing 32.43% of the total value, while the Industrial Sector with RO. 280 Million representing 12.34%.

The indices for the MSM as well as indices for various sectors are listed below. The MSM index declined by 7.2% in 2014 compared to 2013. The largest decline was in the industrial sector at 19.6% while other remaining sectors declined by around 5%.

Indices Summary 2014

Index	Closing 2014	Closing 2013	Change %
MSM	6,343.22	6,834.56	-7.2%
Banking & Investment	7710.310	8,153.77	-5.4%
Industrial	8365.9	10,406.82	-19.6%
Services & Insurance	3475.210	3,669.10	-5.3%
Shariah	3475.21	3669.1	-5.3%



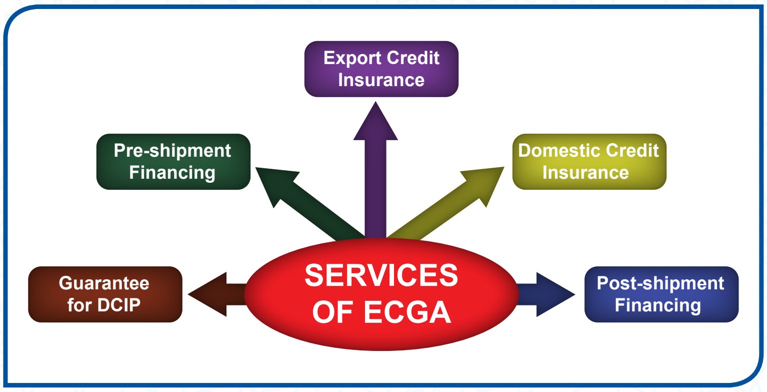
Indices							المؤشرات
Index Name	نسبة التغير Var %	الفرق (نقطة) Var (points)	الإغلاق السابق Previous Value	أدنى Low	أعلى High	إغلاق المؤشر Index Value	اسم المؤشر
MSM30 Index	-7.19%	-491.34	6,834.56	5,401.51	7,551.42	6,343.22	مؤشر سوق مسقط 30
Financial Index	-5.44%	-443.46	8,153.77	6,487.82	9,520.56	7,710.31	مؤشر القطاع المالي
Industrial Index	-19.61%	-2,040.92	10,406.82	7,255.60	11,098.70	8,365.90	مؤشر الصناعة
Services Index	-5.28%	-193.89	3,669.10	3,194.42	3,838.10	3,475.21	مؤشر الخدمات
MSM Shariah Index	-12.13%	-133.42	1,099.68	862.79	1,137.27	966.26	مؤشر السوق الشرعي
Total Trading Activity							إجمالي حركة التداول والقيمة السوقية

The following table summarizes the performances of GCC markets as on 31st December 2014.

Indices	31 Dec 2013	31 Dec 2014	Chg.%	M Cap (US$ bn)
ADXGI	4,290	4,529	5.57	126.48
BASI	1,249	1,427	14.25	53.57
DFMGI	3,370	3,774	11.99	94.13
KSEMI	7,549	6,536	(13.42)	99.77
MSM30	6,835	6,343	(7.20)	24.54
QEI	10,380	12,286	18.36	186.89
TASI	8,536	8,333	(2.38)	483.63

SERVICES PROVIDED BY ECGA TO OMANI EXPORTERS

The various services being provided by the Agency to Omani exporters are listed below:



Export Credit Insurance

The Agency has long continued to provide its export credit insurance support to a large number of Omani exporters since inception of its operations in 1991 against the risks of non-payment of exports due to commercial and political (non-commercial) risks. With its credit insurance scheme, the Omani exporters are provided not only protection against payment risks but also the Agency advises exporters on credit worthiness of overseas buyers and guides the exporters on their collection and recovery of bad debts. Credit insurance is considered an essential and important tool for exporters in mitigating the risks of non-payment. It allows the exporters to sell safely on credit terms and compete effectively against other suppliers. It also gives them the confidence of selling to new and far away or non-traditional markets. By insuring their exports with ECGA, it gives the policyholders better control on their export receivables by keeping tab of the buyers and credit limits approved for cover by the Agency.

ECGA offers two types of cover under its export credit insurance services to exporter's shipment policy and contract policy. Under shipment policy, credit insurance is effective once the goods are shipped. The goods are standard products, which can be easily marketable. Under contract policy, it applies for specially designed goods made as per the request of the buyer. Such goods are catering for a specific market, with cover commencing from the date of contract.

Under both policies, the buyer risks as well as political or country risks are covered. The former risks for which the exporter is covered include insolvency of the buyer, non-payment of goods accepted by the buyer or refusal by the buyer to accept the goods, which comply with the contract. Cover of the political or country risks also known as non-commercial risks provides protection to the exporters against the risks of non-payment that include intervention to prevent transfer of payments, cancellation of license, civil commotion or acts of war or any action of government of the foreign country which wholly, or partly, prevents performance of the contract, or imposition of new restrictions on exports after date of contract and the failure or refusal on the part of a public buyer to fulfill any of the terms of the contract where ECGA has agreed that the buyer is a national government authority.

Under both policies the Omani exporters are covered up to 80% of loss from commercial risks and 85% from political risks. However, when the buyer fails to accept the goods, the exporter bears the first loss of 20% and ECGA bears 80% of the balance.

Apart from the risk minimization, which the exporter benefits through payment of claim by ECGA in case of non-payment by the buyers, the Export Credit Policy can also be assigned to the exporter's banker as collateral. Such assignment provides the opportunity for the exporters to obtain new or enhancement of existing post shipment financing facilities on better or concessional terms than the banks might otherwise have been prepared to offer if the exporter was not credit insured or the policy is not available. Thus, the Export Credit Policy does not only minimize the risk of non-payment to the exporter but also assists him to obtain necessary and better export financing terms. Hence it provides the exporters with greater financial liquidity in managing their foreign receivable portfolios.



Domestic Credit Insurance

Domestic Credit Insurance Scheme was introduced by The Export Credit Guarantee Agency of Oman since September 2003. Increasing number of key Omani exporters are availing this service. It provides additional protection to the credit insured exporters against the risk of protracted default and insolvency of domestic buyers as well as ease the exporters cash flow constraints and liquidity problems. In order to avail domestic credit insurance, the suppliers of Omani produced products should also insure their exports by taking the Export Credit Policy of the Agency.

Domestic Credit Policy is very useful for the Omani suppliers as it is considered an extension of the same service as export credit insurance because the benefits which the exporters derive apply for domestic sales as it also provides protection against the risks of non-payment from domestic buyers against goods supplied on credit. Furthermore, it helps the exporters in their liquidity and debt management as well as mobilize resources in their export efforts. The domestic credit insured bills can also be discounted by the commercial banks by assigning the benefits under the Domestic Credit Policy thus obtaining needed facilities by the local suppliers.

Post-shipment Financing

Under the post-shipment financing scheme, the credit insured exporters can discount their export bills through commercial banks at a preferential interest rate thus reducing their post-shipment financing cost significantly. The Agency has entered into a Memorandum of Understanding with the commercial banks for discounting such export bills for credit insured exporters. The primary objective being to induce exporters to avail export credit insurance services while they improve their liquidity and at a lower cost through such bills discounting.

Pre-shipment Export Credit Guarantee Scheme

The Pre-shipment Export Credit Guarantee Scheme is primarily aimed at small sized exporters who lack the necessary adequate security, which the commercial banks normally require. The guarantee issued by the ECGA fills the security gap needed by commercial banks for extending pre-shipment financing to the credit insured exporters. It has been designed for exporters to obtain timely and adequate credit facilities from commercial banks at pre-shipment stage for purchasing of raw materials, manufacturing, processing and packing of goods to be exported, against contract for sales i.e. irrevocable letter of credit or confirmed purchase order. Hence the scheme allows the credit insured exporters to obtain the necessary working capital financing from their commercial banks in order to execute export orders abroad and avail more export business opportunities.

Export Credit Guarantee Agency issues pre-shipment credit guarantee to commercial banks on behalf of credit insured exporters. Hence the guarantee issued by the Agency allows the banks to finance the exporters at liberal terms as it covers the non-payment of advances granted to the exporters against the risks of insolvency or from protracted default of the exporter. Each guarantee issued indicates a permitted limit up to which advances granted by the commercial banks to the credit insured exporters are covered by ECGA. The permitted limit operates on a revolving basis and therefore allows the exporter continuous financial support needed in executing its export orders.

This working capital financing of exports is highly useful for small sized exporters who lack necessary traditional collateral of their own which normally commercial banks demand from them. Thus the guarantee issued by ECGA substitutes such collateral and provides opportunities for the exporter to avail pre-shipment financing.

Documentary Letters of Credit

Export Credit Guarantee Agency of Oman as part of its services in providing credit insurance and guarantee protection to exporters in mitigating credit risks, has introduced guarantees to Banks for adding confirmation of letters of credit for exports. By issuing guarantees for adding confirmation to letters of credit to exporters' banks, this is expected to facilitate and promote more of Omani non-oil exports. Under this new service, ECGA of Oman assumes payment risks by guaranteeing confirmation of letters of credit on the issuing banks of the buyer's country against non-payment of export bills to exporters confirmed by their banks. By guaranteeing confirmation to exporters' banks, this would allow the commercial banks in Oman more willingness to support exporters to both difficult but lucrative high risks markets as well as other markets where business opportunities exist for Omani exports.

The risks covered under guarantee for confirmation of letters of credit to exporters' banks include insolvency of the issuing bank, transfer restriction imposed by issuing bank's country, war and civil disturbances as well as such risks of expropriation, confiscation of the business of the issuing bank of the host country and the percentage of cover provided by ECGA of Oman to the banks will be 90%.

TRAINING/SEMINARS/CONFERENCES

The Agency makes every effort to enhance the skills and qualifications of its Omani employees. To achieve this objective, the Agency provides training support by considering appropriate various programs whether inside or outside the country. It has taken into consideration the special needs of its staff so as to develop their abilities and improve on their performance. ECGA of Oman has managed to provide short term training courses to number of its staff through courses, meetings and workshops as listed belows:

Staff		Courses/Seminars/Conference	Country
1.	Nasir Al-Ismaily	Workshop/Seminar - Prague Club Meeting	Slovenia
2.	Imaad Al-Harthy	Country Risk Conference	France
3.	Sulaiman Al-Shaibani	Workshop/Seminar - Prague Club Meeting	Slovenia
4.	Mohamed Al-Jabry	Familiarization and Introduction ICIEC Environment	Saudi Arabia
		15th Annual Bond Seminar	Netherlands
5.	Salim Al-Mamari	Familiarization and Introduction ICIEC Environment	Saudi Arabia
		15th Annual Bond Seminar	Netherlands
6.	Majid Al-Kindi	Effective Time Task & Work Planning	Turkey
7.	Asma Al-Barashdi	English Language Course	Muscat
8.	Maryam Al-Oufi	English Language Course	Muscat
9.	Ahmed Al-Hinai	English Language Course	Muscat

OPERATIONAL PERFORMANCE OF THE AGENCY

Export Credit Insurance

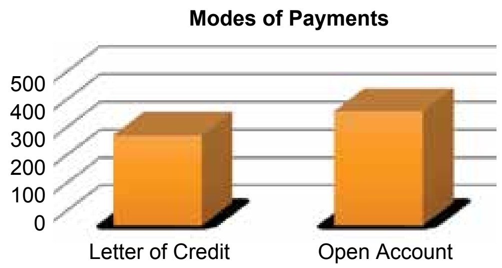
The export credit insurance services of The Export Credit Guarantee Agency of Oman has been highly successful by extending its support to large number of exporters. This can be quantified and supported by significant increases in their credit limits issued, number of exporters availing the cover, increases in the number of countries importing Omani credit insured goods as well as rises in the number of overseas buyers which the Agency provides protection against the risk of non-payment as well as the amount of claims paid, number of claims and business declared.

The highlights of the operational activities of export credit insurance business performance from 1991 to 2014 are listed in the table below:

Operational Results						
Year	Total Declared Business (RO. Million)	Number of Exporters	Number of Countries of Exports	Number of Overseas Buyers	Claims Paid	Number of Claims
1991	1.8	4	10	43	-	-
1992	17.4	30	23	154	-	-
1993	19.6	38	34	410	0.75	1
1994	23.7	50	39	696	22.1	3
1995	28.6	60	50	952	273.0	4
1996	30.9	68	58	1198	19.3	3
1997	35.5	81	64	1412	11.8	2
1998	40.9	89	70	1757	15.7	2
1999	40.3	97	76	2077	18.8	3
2000	43	110	80	2310	19	3
2001	50.1	134	89	2711	15.2	2
2002	51.4	144	89	3057	18.9	2
2003	54.1	153	91	3345	3.1	1
2004	73.4	158	93	3574	3.0	2
2005	78.0	161	95	3825	1.8	2
2006	86.1	163	97	4113	11.6	2
2007	123.3	166	98	4363	-	-
2008	157.3	168	99	4557	5.9	2
2009	109.2	178	100	4728	9.6	3
2010	106.1	185	102	4935	4.8	1
2011	84.7	188	103	5093	1.9	1
2012	81.2	193	105	5273	39.9	4
2013	86.0	205	107	5432	33.4	3
2014	73.6	218	108	5645	90.0	5

Credit Limits Issued

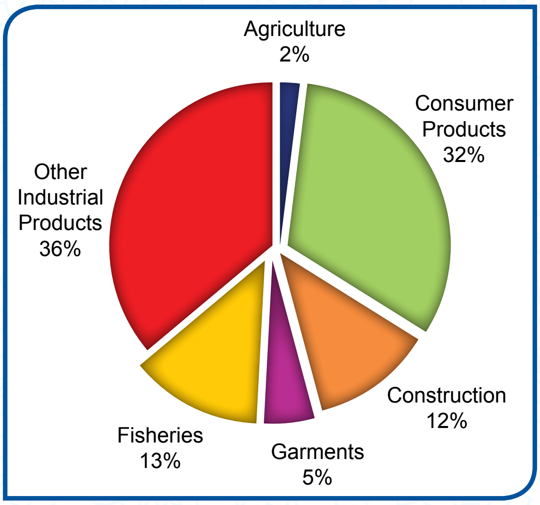
The Agency's total credit limits issued (exposure) against both commercial and political risks, as on end of Year 2014 was RO.734.8 million compared to RO.673.4 million in 2013. The year 2014 covered exports to 5645 buyers in 108 countries compared to 5432 buyers in 107 countries in 2013 or increases of almost 8.4%.



The modes of payment of total exposure of RO.734.8 million during Year 2014 consists of RO.324.2 million under secured letters of credit and remaining RO.410.6 million under open account terms. Total credit limits issued on open account business constituted about 55.9% of the ECGA's exposure. The open account business consists of open credit, post-dated cheques as well as cash against documents (CAD) and documents against acceptances.

Exporters

The number of total exporters had reached 208 till 31st December 2014. The rise in the number of exporters is due to increase in the awareness of ECGA's services and its importance in minimizing the risks of non-payment by foreign buyers. Hence credit insurance is considered an essential tool in mitigating the risks. The Export Credit Guarantee Agency of Oman provides its export credit insurance services to Omani exporters of any size that is small, medium and large size exporters and for any Omani produced products that are exported. The Agency has extended its services to large number of exporters both in the Capital area as well as in various regions of the Sultanate.

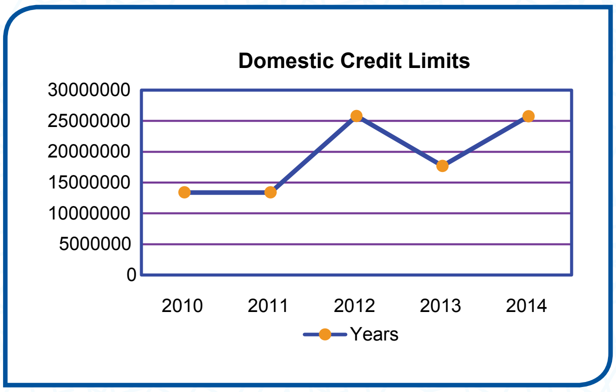


The number of Omani exporters availing ECGA's credit insurance services has significantly increased since its inception in 1991. The Agency has provided credit insurance support to various export sectors. These include consumer products at 32.1%, construction at 11.9%, garments at 5.0%, fisheries at 13.3%, agriculture at 2.3% and other industrial products at 35.4% as illustrated by the chart. Excluding garments, agriculture and fisheries the total industrial sector which includes construction, consumer and other industrial products constitutes nearly 47.3% of ECGA's credit insurance Cover.

LIST OF COUNTRIES INSURED BY ECGA OF OMAN

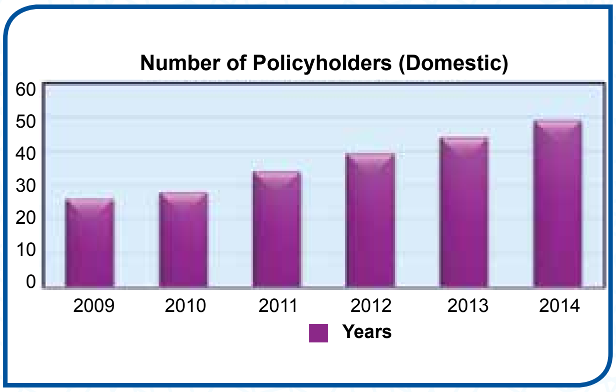
1.	Algeria	23.	Denmark	45	Ivory Coast	67	Norway	89	Sri-Lanka
2.	Angola	24.	Djibouti	46.	Japan	68.	Pakistan	90.	Sudan
3.	Armenia	25.	Egypt	47.	Jordan	69.	Papua New Guinea	91.	Sweden
4.	Australia	26.	Eritrea	48.	Kazakhstan	70.	Philippines	92.	Switzerland
5.	Austria	27.	Ethiopia	49.	Kenya	71.	Palestine	93.	Syrian Arab Republic
6.	Azerbaijan	28.	Finland	50.	Korea (South)	72.	Poland	94.	Taiwan
7.	Bahrain	29.	France	51.	Kuwait	73.	Portugal	95.	Tanzania
8.	Bangladesh	30.	Gambia	52.	Lebanon	74.	Puerto Rico	96.	Thailand
9.	Belarus	31.	Germany	53.	Libya	75.	Qatar	97.	Togo
10.	Belgium	32.	Ghana	54.	Madagascar	76.	Romania	98.	Trinidad
11.	Botswana	33.	Greece	55.	Malaysia	77.	Russia	99.	Tunisia
12.	Brazil	34.	Guinea	56.	Malawi	78.	Rwanda	100.	Turkey
13.	Brunei	35.	Haiti	57.	Maldives	79.	Saudi Arabia	101.	Uganda
14.	Burkina Faso	36.	Honduras	58.	Malta	80.	Senegal	102.	United Arab Emirates
15.	Burundi	37.	Hong Kong	59.	Mauritius	81.	Serbia	103.	United Kingdom
16.	Cameroon	38.	Hungary	60.	Mexico	82.	Seychelles	104.	Ukraine
17.	Canada	39.	India	61.	Morocco	83.	Singapore	105.	United States
18.	Chile	40.	Indonesia	62.	Mozambique	84.	Slovakia	106.	Vietnam
19.	China	41.	Iran	63.	Nepal	85.	Slovenia	107.	Yemen
20.	Congo	42.	Iraq	64.	Netherlands	86.	Sierra Leone	108.	Zambia
21.	Cyprus	43.	Irish Republic	65.	New Zealand	87.	South Africa		
22.	Czech Republic	44.	Italy	66.	Nigeria	88.	Spain		

Domestic Credit Insurance



Domestic Credit Insurance Service has attracted a growing number of Omani credit insured exporters due to protection it provides against the risk of protracted default and insolvency of local buyers. It assists the exporters in their liquidity and debt management as well as mobilize resources in their export efforts. The domestic credit insured bills can also be discounted by the commercial banks by assigning the benefits to them under the Domestic Credit Policy.

The graphs provide the yearly growth trend of the domestic credit insurance in terms of the credit limits issued to exporters as well as the number of domestic buyers issued against them during the year 2013.

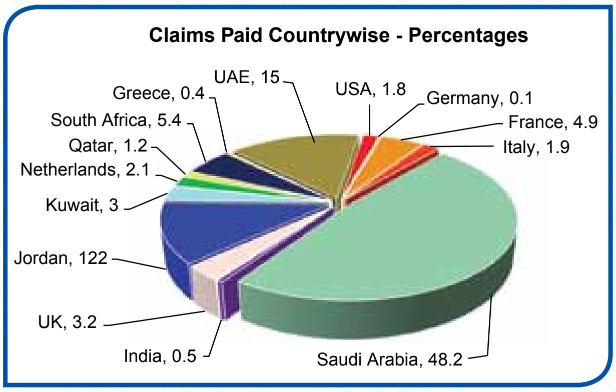


The Export Credit Guarantee Agency introduced domestic credit insurance service commencing from 1st September 2003 in view of the needs of the exporters to also mitigate the credit risks of their local sales. The Agency has issued credit limits worth of RO.25.8 million as of end of 2014 compared to RO.17.7 million in year 2013. The total premium received on domestic credit insurance scheme for the year ended 2014 was RO.112.196 compared to RO.105,277/- for the similar period in 2013 which represent an increase of 6.6.%. Premium income from domestic credit insurance as of 2014, constituted 22.4% of total premium compared to 19.5% for 2013. It is also encouraging that the policyholders have shown interest in mitigating the risks by availing such service which allow them to be competitive with foreign suppliers in the domestic market by offering liberal credit terms for payment.

Claims

The percentage proportions of claims paid in 2013 is illustrated by the Chart.

In its drive of insuring export sales, ECGA has previously paid a number of claims to the exporters in the past due to credit or commercial risks as well as from political action beyond the control of the policyholders. During the year 2014 the Agency has indemnified five claims amounting to RO.90,019/254.



The shipments of such goods where exporters were paid claims by ECGA were made to fourteen countries that is UAE, Saudi Arabia, USA, Qatar, France, Kuwait, Jordan, United Kingdom, India, Italy, Germany, Greece, the Netherlands and South Africa. It is worth mentioning that ECGA of Oman had paid a total of claims amounting to RO.619,761/217 since inception. The claim loss ratio for 2014 was 17.9% compared to 6.2% in 2013.

CLAIMS PAID TO VARIOUS EXPORTERS

With Oman Chemical Co.

With Flexible Industrial Packaging

With Muscat Thread

With Al-Waqia Shoes Co. LLC

RECOVERIES

ECGA has recovered RO.168,746/917 as on 31st December 2014 towards a total of 51 claims paid amounting to RO.619,761/217 which constitute 27% in 2014 compared to 7.7% in 2013. Furthermore, the Agency had indemnified 5 claims amounting to 90,019/254 in 2014 for which the Agency is pursuing the recovery with the concerned authorities. It is relevant to mention that as a result of prudent approach adopted by the Agency, it has managed to recover the entire amount of overdue debts pertaining to 6 claims and a substantial amount of recovery towards another 13 claims paid.

With Akzo Nobel Oman SAOC

FINANCIAL PERFORMANCE OF ECGA

The detailed financial accounts of Export Credit Guarantee Agency for the year ended December 31, 2014 as compared with the year ended December 31, 2013 are provided in the Auditor's Report that follows. The table below provides the highlights and comparison of ECGA's financial performance from 1991 to 2014.

ECGA Net Income before Income Tax for the year ended 2014 was RO.349,970. The Capital and Reserves Account of the Agency was RO. 14.6 million as of 31st December 2014 against its original capital of RO.7 million.



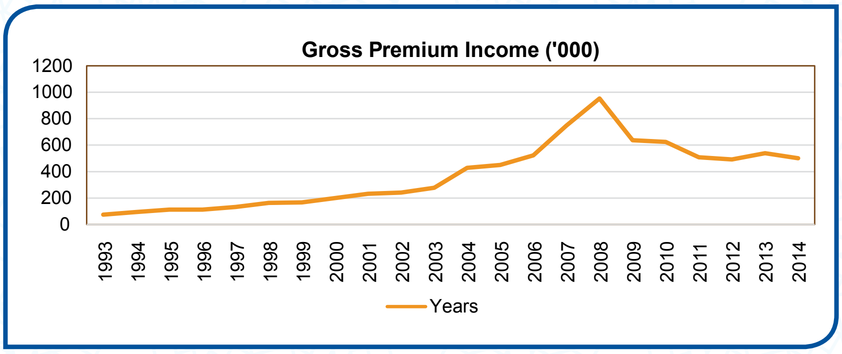
FINANCIAL RESULTS					
Year	Total Operating Income ('000 RO.)	Gross Premium Income ('000 RO.)	Investment Income ('000 RO)	Net Income Before Income tax (‹000 RO)	Agency›s Capital & Reserves (RO million)
1991	5.9	3.2	-	-84.9	0.3
1992	122.7	49.9	25.6	-84.2	1.74
1993	404	74.9	121.2	37.5	1.75
1994	408.2	94.1	296.4	152.8	3.3
1995	521.7	112.2	370.4	212.4	4.94
1996	563.1	112.3	410	228.6	7.15
1997	771.2	133.4	568.1	357.9	7.75
1998	669.5	163.8	518.6	318.5	7.17
1999	660.9	167.2	547.4	308.3	7.47
2000	738.8	199.6	601.3	350.4	7.1
2001	624.5	232.9	459.2	200.2	6.84
2002	529.6	242	360	162.2	7.46
2003	550.8	277.8	343.6	164.0	8.57
2004	763.7	428.8	460.3	343.3	9.79
2005	803.3	451.6	487.7	417.5	11.19
2006	897.5	522.8	539.5	432.1	11.87
2007	1086.5	748.4	586.3	544.9	14.47
2008	1270.6	953.8	643.7	135.2	11.58
2009	1188.0	638.0	761.1	715.6	13.4
2010	1205.4	624.8	777.1	590.5	13.8
2011	1193.4	509.5	783.1	449.7	13.5
2012	828.2	493.1	446.2	32.68	13.93
2013	1028.5	539.1	584.3	337.2	15.07
2014	1738.5	501.2	1327.0*	344.0	14.6

*Include rent income RO. 450,336 in 2014

Premium Income from Exporters

Premium charges by The Export Credit Guarantee Agency of Oman (ECGA) are the costs for providing credit insurance services to exporters that are credit insured. The primary objective of the scheme is to promote Omani non-oil exports through its export credit insurance support. Despite significant growth of volume of the Agency's export credit insurance business generated by its exporters, the level of premium income is expected to remain steady considering that two-third of its business is secured under letters of credit and mostly to the GCC countries where the premium rates applicable are very low.

The premium rates vary depending on the payment terms and the economic and political environment of the buyer's market. The rates for credit insurance cover ranges from a minimum of 0.240% under secured confirmed letters of credit to a Country rated "A" market to a maximum rate of 2.800% to unsecured payment under open account for 180 days to a Country graded as "D" market.



The Gross Premium received during 2014 amounted to RO.501,167/= consisting of RO.388,971/= under export credit insurance scheme and RO.112,196/= for domestic credit insurance compared to premium income of RO.539.144/= for the similar period in 2013 which represents a decreases of 7.6%. Premium income from domestic credit insurance as of 2013, constitutes 22.4% of total premium compared to 19.5% for 2013.

The Net Premium Income for the year 2014 (after payment of reinsurance premium) has decreased to RO.345,805/- from RO.374,465/- or a decrease of 7.6%.

Even though the main core activity of the Agency is export credit insurance for promotion of Omani non-oil exports, the premium rates charged to the policyholders are very low. With the interest subsidy taken into account, the net effective cost to exporters for credit insurance cover is very negligible. Hence the export credit insurance services have been highly successful in meeting the needs of growing number of exporters as quantified by its credit limits (guarantees) issued. The variation of premium rates paid by policyholders is dependent upon value of exports, country grading and methods of payments.

Bills Discounting under Post-Shipment Financing Scheme

Qualified credit insured exporters are eligible to discount their credit bills through their commercial banks at a preferential interest rate since 1991. The main reason in decline of interest subsidy form RO.9,884 in 2014 is due to AKZO Nobel Oman SAOC not claiming any subsidy during 2014 as well as a fall in amount claimed by Reem Batteries & Power Appliances Co. SAOC, Al Waqia Shoes Co. LLC and Dunes Oman LLC FZC by 59% in 2014 compared to 2013. The main purpose for providing interest subsidy is to encourage insured exporters with lower liquidity to discount their export bills with commercial banks whereby they agree to provide post shipment advances at a concession interest rate of 9% or less to credit insured exporters. Export Credit Guarantee Agency of Oman had entered into a Memorandum of Understanding with the commercial banks to provide this service. As of 31st December 2014, these include; Oman Arab Bank, Bank Muscat, Standard Chartered Bank, Bank Dhofar, HSBC Middle East, National Bank of Oman, Bank Sohar, Oman Development Bank, and Ahli Bank.

The level of interest subsidy paid to exporters through their commercial banks since ECGA of Oman commenced its business operations in November 1991 and subsequent years from 1992 to December 2014 are shown as listed.

Period	Interest Subsidy Paid (RO)
Nov – Dec 1991	4910
1992	89743
1993	81817
1994	58300
1995	77363
1996	75424
1997	110074
1998	119815
1999	113311
2000	123010
2001	117302
2002	86384
2003	48902
2004	55052
2005	56760
2006	56314
2007	63028
2008	76811
2009	39933
2010	23613
2011	24036
2012	21641
2013	19969
2014	9884
TOTAL	1,553,405

The total interest subsidy paid to various exporters by ECGA of Oman since its inception till end of 2013 amounted to over RO.1.5 million. The amount of interest subsidy reached its highest level at RO.123,010/936 in 2000 when interest subsidy rate was at 2%.

Based on the Development Council Resolution No. 18/93 dated 11th April 1993, the procedures adopted to provide interest subsidy at 5% were approved to commence from inception till September 1993. Subsequently, with effect from October 1993 to July 2002, the interest subsidy rate applicable was reduced to 2%. Finally, as of August 2002 and up to the present day, the applicable interest subsidy stands at 1% per annum.

Hence, 2014 recorded the least amount of interest subsidy paid to exporters at RO.9884 apart from the two months of 1991. The level of interest subsidy paid dropped dramatically in 2003 by 43% from 2002 but increased in 2004 by 12.6% to RO.55,052/= and marginally increased to RO.56,760/= in 2005 by 3.1%. However, it dropped by 0.79% in 2006 compared to 2005 to RO.56,314/522, but increased in 2007 by 11% from 2006 to RO.63,028/491. In addition to the above, the level of interest subsidy paid during 2008 grew by 22% from RO.63,028/491 in 2007 to RO.76,811/593 in 2008 but dropped sharply by 48% in 2009 due to a fall in business declared as a direct result of the global financial crisis, which has slowed down demand of exports to various markets, and continued further in 2010.

Pre-shipment Export Credit Guarantee Scheme

The Pre-shipment Export Credit Guarantee Scheme of the Agency for small sized exporters with the commercial banks was launched in 1999. The guarantee fills the security gap and assist immensely small sized exporters in need of availing working capital financing for their exports. ECGA had issued 3 pre-shipment export credit guarantees amounting to RO.215,000/- since launching of the scheme.

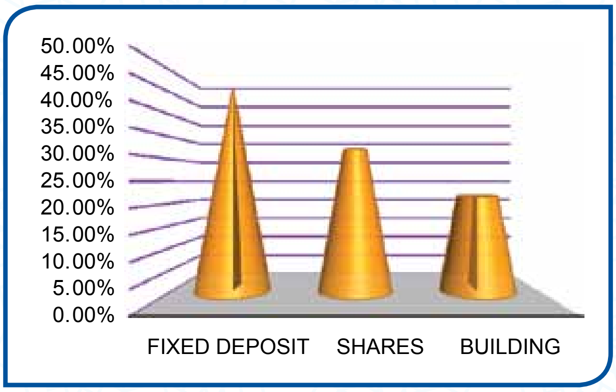
Credit Limit Processing Fees

ECGA has been charging credit limit processing fees from credit insured exporters since January 1999. The main purpose of charging credit limit processing fees is to share cost of obtaining credit reports on overseas buyers. The exporters share about 25% of the cost involved in obtaining credit reports while the Agency bears the remaining 75%.

The Agency since January 1999 started to levy credit processing fees to the exporters whereby they bear part of the cost of credit information reports by contributing RO.20 per report for open account and RO.5 for charges under Letters of Credit/Bank Guarantee. This has allowed the exporters to be more responsible in managing their Export Credit Policy prudently and take extra care in their selection of buyers for whom they need the Agency's credit insurance protection. The credit processing fees collected by the Agency from exporters during the year 2014 was RO.10145/-.

Investments

Investment Income represents the major source of income for the Agency. ECGA has invested its funds in Fixed Deposits with Commercial Banks and in various equities through the Muscat Securities Market for a number of companies and in its new constructed building of ECGA of Oman in order to derive maximum returns on its investments.



The idea being to build up its reserves so that it continues to become self-sustaining in its financial position in meeting its future commitments and obligations especially considering that the level of its exposures has grown up substantially. As on December 31st 2014, ECGA had invested 6.7 million in fixed deposit with commercial banks and 4.7 million worth of equities, in various companies in the MSM and 0.05 million in bonds with local company as well as 3.15 million.

The equity investment in Muscat Securities Market at 32.2%, fixed deposit with commercial banks 45.9% and remaining 0.3% in Bonds with local company and remaining 21.6% in building. ECGA's total investment and interest income for the year ended 2014 was RO876,557 compared to RO.374,465/- for the 2013. Rent income was RO.430,104.

REINSURANCE

ECGA of Oman has successfully managed to renew its Quota Share Reinsurance Treaty for 2014 insuring exports as well as domestic sales. The lead reinsurers for 2014 for exports are Atradius Reinsurance Ltd. - Ireland, N. V. National Borg of the Netherlands as well as Arab Investment & Export Credit Guarantee Corporation–Kuwait. The first two lead reinsurers are also reinsuring ECGA of Oman domestic businesses.

It is also worth mentioning that the Agency has managed to reinsure its exposure of risks since 1994 with international re-insurers. It has also recovered substantial amount of the total claims paid by the Agency.

Reinsurer representative from Atradius Reinsurance Ltd. visited ECGA of Oman as part of their annual visit following renewal of Quota Share Reinsurance Treaty for 2014. Mr. Nick Davies met General Manager of ECGA of Oman Mr. Nasir bin Issa Al-Ismaily along with Mr. S. Rajesh the Deputy General Manager of AON Majan local broker from Aon Majan on Monday 24th March 2014 where various issues including operations, reinsurance as well as updated position of Atradius Re were discussed. Also present was the Head of Claims and Recoveries Mr. Imaad Soud Al-Harthy (pictured).

ECGA of Oman visited by Dutch Ambassador

Her Excellency Ms. Barbara Joviasse the Ambassador of the Kingdom of the Netherlands paid a courtesy visit to ECGA of Oman where she held useful discussion with Mr. Nasir bin Issa Al-Ismaily, the General Manager of the Agency (pictured). The level of Omani non-oil exports to Netherlands has been growing. ECGA of Oman has paid one claim to Holland. There are presently a total of thirteen Omani exporters that are insuring their exports of non-oil products to 30 Dutch buyers. It is worth mentioning that the Agency also sent its staff to Amsterdam for training under the auspices of its Reinsurer – National Borg. The Agency also reinsures its business with the major lead reinsurers under its Quota Share Reinsurance Treaty with Atradius Reinsurance Ltd. and National Borg from Holland.



Aon Benfield official visited ECGA

Mr. David Ward – from Aon Benfield Credit and Financial Risks visited ECGA in 3rd September where he held discussion on recent developments, the general administration of ECGA's Export and Domestic Quota Share Reinsurance Treaty and general approach to the 2015 treaty renewal with the General Manager Mr. Nasir bin Issa Al-Ismaily and the Head of Claims and Recoveries Mr. Imaad bin Soud Al-Harthy. Mr. Ward also gave presentation to ECGA's officers on Reinsurance (pictured).


Presentation by Aon Benfield Credit & Financial Risks

Global Political Risk Maps issued for 2014 issued

Global Political Risk Map for 2014 published by Reactions Publishing Group (Sovereign Risk Insurance) is encouraging considering the Oman's rating outlook for the year is similar to developed countries as U.S.A., U.K., France, Austria, Japan, Taiwan, South Korea, Estonia Czech Republic, Slovakia and Chile. Oman's rating is also at par with other three GCC countries that is UAE, Qatar and Kuwait. These are the only Arab countries whose ratings are similar with the Sultanate while the rest of the MENA countries have seen their ratings been downgraded significantly in view of social and political upheavals that the Region has been experiencing. Other European countries whose ratings were downgraded and lower than four GCC countries cited earlier include Spain, Portugal, Italy, Ireland, Greece and Cyprus.

Source: Published by ECR Euromoney Country Risk in Association Reaction Publishing Group (Sovereign Risk Insurance) www.sovereignbermuda.com

COOPERATION AGREEMENTS

The Export Credit Guarantee Agency of Oman signed Memorandum of Understanding (MOU) with Al-Rafd Fund on 13/4/2014. The MOU paves the way for newly established SMEs or existing SMEs to avail valuable credit insurance and guarantee services of ECGA of Oman. Mr. Nasir bin Issa Al-Ismaily the General Manager of ECGA of Oman and Mr. Tariq bin Suleiman Al-Farsy the CEO of Al-Rafd Fund signed the MOU (pictured).


Signed with Al-Rafd Fund

Mr. Al-Ismaily stated that credit risks mitigation goes in tandem with financing which is one of the major constraints facing SMEs to many countries. By credit insuring their export as well as domestic sales with ECGA of Oman, this provides protection to SMEs against bad debts from buyers of their products. Moreover, it will give SMEs confidence needed in dealing with new buyers for which they do not have any background information or limited information nor trading experiences with them or with existing buyers whose payment behaviours could deteriorate easily because of changes in business conditions.

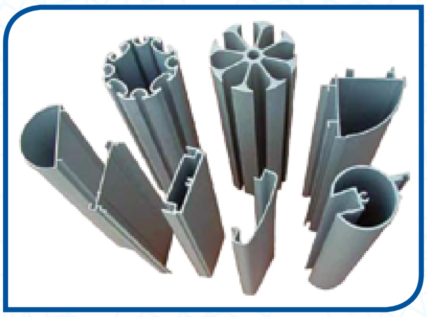
MOU signed between PEIE and ECGA of Oman

The Public Establishment for Industrial Estates (PEIE) and Export Credit Guarantee Agency of Oman (ECGA) signed A Memorandum of Understanding (MOU) between their two organizations. (pictured).

The MOU was signed by Mr. Hilal bin Hamad Al Hasani, PEIE Chief Executive Officer, and Mr. Nasir bin Issa Al Ismaily, ECGA General Manager, on the sidelines of the Exports and Customs Seminar.

The MOU calls for cooperation in various fields including organizing conferences, seminars, workshops, webinars, and other events. It also focuses on promoting ECGA and its services to PEIE tenants (exporters), supporting the creation of business opportunities for ECGA, and organizing Business to Business Networking (B2B) between ECGA and PEIE tenants.

Signing with PEIE



Events / Visits

Seminar on Export and Customs Seminar

Exports and Customs seminar was held on May 6th, 2014 at the Grand Hyatt Hotel in Muscat. The panel discussion was moderated by Mr. Ahmed Farooqui, General Manager – Procurement and Supply Chain at Oman Cables Industry. The panelists included the Head of Marketing at the Export Credit Guarantee Agency of Oman – Mr. Mohammed Al-Jabri, Mr. Warith Al-Kharusy, Executive Director of Al Safwa Group and Partners. Mr. Salim al Bortmany, Deputy General Manager of Areej Vegetable Oils and Derivatives and Colonel Mansoor bin Nasser Al-Rahbi, Assistant General of Customs Affairs at the Royal Oman Police. (pictured) While the Omani industrial sector is witnessing a significant boost in the country which is supported directly by the government through loans, facilities and well infrastructure industrial estates, experts who attended the seminar urge the growth of exports and facilitation of custom procedures to step up the reach of Omani exports to international markets. The importance of availing credit insurance and other services were highlighted by Mr. Mohammed Al-Jabry – the Head of Marketing.

Attendees at the Seminar

Oman Projects Forum held in Muscat

The Oman Projects Forum was held in Muscat from 27 to 29th October 2014. It was organized by MEED Event. The forum discussed the Sultanate's energy and non-energy related infrastructure projects, the associated opportunities and in-country value requirements for winning these projects. Mr. Sulaiman bin Gharib Al-Shaibany – Underwriting Officer (pictured) was invited as one of the panelists on financing. Also attended was Mr. Mohamed bin Hilal Al-Jabry the Marketing Officer of ECGA. Mr. Sulaiman enlightened participants on the role played by the Export Credit Guarantee Agency of Oman (SAOC) in the promotion of non-oil exports. The session was moderated by Mr. Edmund O'Sullivan, Chairman – MEED Events.

Group of Panelists

ECGA's officers Visited Salalah

Two of ECGA's officials Mr. Mohammed Bin Hilal Al Jabri, Head of Marketing and Mr. Ahmed bin Khalfan Al-Balushi, Underwriting Officer visited Salalah during the period from 2nd to 3rd of September 2014 to enlighten exporters and manufacturing companies on the various services provided by ECGA of Oman. Also visited the Raysut Industrial Estate.

Official visits - Knowledge Oasis, Al Rusayl

ECGA officials Mr. Mohamed Hilal Al Jabri – Head of Marketing and Mr. Imaad Saud AL Harthy visited National Business Centre (NBC) at Knowledge Oasis, Al Rusayl, where they met a number of entrepreneurs whom availing NBC services. (pictured)

Then ECGA representatives had explained to concerned officials on ECGA services which will have a positive impact on their business growth especially for SMEs and other exporters. It was explained that ECGA act as a catalyst to Omani exporters through protecting them against commercial and non-commercial risks.

ACHIEVEMENT AWARD

The General Manager of ECGA of Oman presented *Achievement Award* to Mr. Yasser bin Salim Al Mahrooqi (pictured) for his highly commendable and outstanding performance and his great dedication of his services to the Agency during its staff meeting. Mr. Yasser joined the Agency in November 2010 as an Underwriting Officer and then in 2014 he moved to Accounts and Finance Department. He graduated from the College of Commerce and Economics at the Sultan Qaboos University in Finance.

MEETING AND SEMINARS WITH INTERNATIONAL ORGANIZATIONS

Export Credit Guarantee Agency of Oman (SAOC) is a member of a number of regional and international organizations and associations. Meetings, workshops and conference held during the year include the following:

Coface Country Risk Conference and Partners Meeting Held In Paris

The Coface Country Risk Conference was held in Paris on 21st January 2014 followed by annual Coface's Partners Meeting. Mr. Imaad Soud Al-Harthy, Head of Claims & Recoveries attended. The Conference held panel discussions on a number of topics including central banks support for world growth, Coface country risk overview in advanced economies as well as emerging economies, Africa, BRICS as well as the stability of the MENA region. Mr. Al-Harthy also participated at the Coface's Partners meeting held on the sideline of the Conference on 22nd January 2014 which provided opportunity for Coface partners to share their experiences on a common and global platform as well as discuss other future prospects.

Annual Global Convention of Insuring Export Credit Political Risk Conference Held in London

Mr. Nasir Al-Ismaily, the General Manager of Export Credit Guarantee Agency of Oman attended the 24th Annual Global Convention of Insuring Export Credit Political Risk which was held in London from 26th to 28th February 2014 followed by a workshop on Identifying and Mitigating Political Risks. The Confernce was chaired by Ms. Diana Smallridge the President of International Financial Consulting Ltd. It was attended by a several of ECAs including U.S.



Exim bank, Euler Hermes, Atradius, ICIEC as well as Berne Union, Sovereign, etc. Others included JP Morgan, Deutche Bank, Zurich Insurance Group, and many others. The President of the Berne Union Mr. Daniel Riordan, delivered a key note speech. Among the various topics addressed at the Conference included mapping current trends in geo-political risk, evolving patterns in global political risk for medium-long term trade and export development in private credit and political risk insurance, product innovation, policy wording and market capacity for the credit insurance market. Various geographical regions were addressed including political risks and implications for stability in the MENA Region, slow-down in the emerging markets in Asia and Latin America and positive outlook for trade and investments in Africa as prospects for higher growth are much better now.

15th Annual Bond Seminar organized by Nationale Borg –Amsterdam

ECGA of Oman Senior Underwriter Mr. Salim Abdullah Al-Maamiri participated in the 15th Annual Bond Seminar organized by Nationale Borg in Amsterdam during the period 9th-11th April 2013. In addition to ECGA of Oman, many other insurers and reinsurers participated from Russia, France, Germany, Ireland, Switzerland, UK, China, Romania, Turkey, and Kuwait. The seminar provided an insight on customs and excise bonds, various contract bonds, and risk management and bond claims.

ADFIAP meeting Moscow, Russia

ADFIAP
financing sustainable development

The Export Credit Guarantee Agency of Oman (SAOC) was admitted as member of the Association of Development Financing Institutions in Asia and Pacific (ADFIAP) since June 2009.

The 37th annual meeting of the Association of Development Financing Institutions in Asia and the Pacific was held in Moscow, Russia from 23rd to 25th April 2014. The meeting was hosted by the State Corporation Bank for Development and Foreign Economic Affairs (Vneshecombank) of the Russian federation at the World Trade Centre in coordination with the Secretariat of the Association of Development Financing Institutions in Asia and the Pacific headquartered in Manila, Philippines. Mr. Nasir bin Issa Al-Ismaily the General Manager of ECGA of Oman attended the Conference as well as many other development finance institutions including ECAs including those from Bhutan, Canada, China, Fiji, Germany, India, Iran, Japan, Malaysia, Mongolia, Nepal, Sultanate of Oman, Philippines, Samoa, Sri Lanka, Tajikistan, Thailand, Turkish Republic of Northern Cyprus, Turkey, Untied State of America, Vietnam and many other countries. ADFIAP has a total of 113 members from 45 countries worldwide. Earlier during the *Delegate-meet-Delegate session* Mr. Nasir bin Issa Al-Ismaily held useful discussions with representatives from the Export Import Bank of India, Credit Guarantee Corporation of Malaysia as well as the Secretary General of Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) respectively.

Following the two days meeting, the draft of Moscow declaration was then reviewed and approved by the members as highlighted below:

i- Accelerate financial inclusion as well as inclusive growth initiatives in various sectors

ii- Promote sustainable green finance program for the environmental projects

iii- Intensify efforts to support small and medium enterprises (SMEs) in various countries

iv- Create innovative solutions to future challenges

The Secretary General and the Chairman of the meeting then thanked the host Vneshecombank of Russia for hosting the meeting. He then welcomed the Representative of Vietnam Development Bank to the stage where she welcomed participants to Vietnam next to host the 38th meeting.

With the chairman of ADFIAP and CEO from Vneshecombank of Russia

Distinguished Person of the Year Award

Distinguished Person of the Year Award

Mr. Nasir bin Issa Al-Ismaily, the General Manager of the Export Credit Guarantee Agency of Oman (SAOC) has been adjudged by the Association of Development Financing Institutions in Asia and Pacific (ADFIAP) for the *Distinguished Person of the Year Award*. This prestigious Award was presented to Mr. Al-Ismaliy during the 37th annual meeting of the ADFIAP in Moscow, Russia. (pictured)

With ODB participants in Moscow and the Chairman of ADFIAP

With the Secretary General of ADFIAP

According to ADFIAP the *"Distinguished Person Award"* is a lifetime achievement award given by ADFIAP to a person who has in his or chosen career, excelled and made a mark in the country or internationally and for his or her outstanding accomplishment(s).

Mr. Al-Ismaily was congratulated by many others for getting this unique award including His Excellency the Chairman of ECGA of Oman, members of its Board of Directors and staff. He also received congratulatory massages form the Secretariat of the Berne Union and its members as well as from the Aman Union.

The 10th International CEO Forum of DFIs in Kuala Lumpur, Malaysia

The 10th International CEO Forum was held in Kuala Lumpur, Malaysia from the 4th till 6th November 2014 hosted by the Association of Development Finance Institutions of Malaysia (ADFIM) under the auspices and supported by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) and Association of Africa Development Financial Institutions (AADFI). Mr. Al-Ismaily, the General Manager of Export Credit Guarantee Agency of Oman (pictured) was invited and attended along with many other CEOs/General Managers as well as other senior members of the management from Development Finance Institutes (DFIs) and Export Credit Agencies (ECAs). Also attended were Acting General Manage of Oman Development Bank and its other officials.



With Secretary General of ADFIAP and AADFI

Speakers at CEO forum of ADFIAP in Kuala Lumpur, Malaysia

The forum was officially opened by Deputy Secretary of Treasury of the Ministry of Finance of Malaysia where he welcomed all the delegates and participants to Malaysia. It was attended by 250 delegates form many countries. It was a great platform of exchanges of views, knowledge and experience as well as for strengthening ties among participating institutions from various speakers and forum panelists.


Plaque of Appreciation

Nasir Issa Al-Ismaily

SESSION CHAIR

10th International CEO Forum

The theme of the forum was "Development Financing Alternative Models in Changing World".

Mr. Al-Ismaily was presented with the *Certificate of Appreciation* for his role of chairing the sessions of the forum which was jointly signed by the respective Chairman of Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), Association of African Development Finance Association (AADFI) as well as the Association of Development Financing Institutions of Malaysia (ASDFIM).

Prague Club Meeting held in Ljubljana - Slovenia

berneunion Insuring the world's global trade and investment

The Spring bi-annual meeting of the Prague Club of the Berne Union of the year 2014 will be held in Ljubljana, Slovenia to be hosted by SID Inc of Slovenia in coordination with the Secretariat of the Berne Union from 17th to 18th June 2014 preceded by a workshop on 16st June. The workshop and the meetings will be attended by various Prague Club members from different countries and speakers/panelists as well as officials from the Secretariat of the Berne Union. Mr. Nasir bin Issa Al-Ismaily the General Manager of Export Credit Guarantee Agency of Oman will attend the meeting along with its Underwriting Officer Mr. Sulaiman bin Gharib Al-Sheibany.

ECGA attended joint meeting of Berne Union / Prague Club in London

Berne Union and its affiliate the Prague Club together held their respective Annual General Meetings in London, celebrating 80 years of supporting trade and investment. They also held their first combined joint meeting.

Prague Club meeting in London

ECAs members provide risk mitigation products to exporters and investors, helping companies to safely trade internationally. The joint meeting was an occasion to celebrate the 80th anniversary of the Berne Union.

For the first time, the Berne Union was joined by members of its affiliate, the Prague Club. The Prague Club was established in 1993 which aims to support new and maturing export credit agencies and insurers setting up and developing export credit and investment insurance schemes. Mr. Nasir bin Issa Al-Ismaily, the General Manager of Export Credit Guarantee Agency of Oman attended both the joint meeting as well as the meeting of the Prague Club along with Mr. Suleiman Al-Shaibany, the Underwriting Officer (pictured).

With 76 private and public member companies from around the world, the Berne Union and the Prague Club have grown to be the leading global organization for the export credit and investment insurance industry, together providing risk protection for 11% of world trade.

Table for list or Products Insured by ECGA of Oman			
Acrylic Sheets	Chocolate	Hygienic Products	Printed Materials
Adhesives Labels	Color Profile Sheets	Insecticides	Processed Dates
Agricultural Products	Computer Programs	Leather Products	Radiators
Air Conditioners	Computer Softwares	Marble	Rice
Air Freshners, Perfumes	Computer Stationeries	Mattresses	Sanitary Ware
Aluminium Profiles	Confectionery	Mayonnaise	Seafood Products
Animal Casings & Skin	Copper Lugs	Melamine Tableware	Security And Safety Equipment
Animal Feed Concentrates	Corrugated Cartons	Metal Bars	Shampoos
Auto Motive Batteries	Dairy Products	Metal Cans	Soaps
Auto Motive Fillers	Egg Trays	Milk Powder	Sofas
Auto Motive Spare Parts	Electric Water Heaters	Mineral Water	Steel Fabrication
Baby Diapers	Electrical Cables	Mud	Steel Furniture
Beds	Electrical Items	Packaging Products	Stone And Mineral
Beverages	Electrical Switchgears	Paints	Sulphonic Acid
Biscuits	Electrical Transformers	Paper Products	Tea
Calcium Silicate Bricks	Fiber Optic Cables	Perfumes	Textile
Carbon Dioxide	Fish	Pharmaceuticals	Tomato Ketchup
Carpets	Flour	Pipes & Fittings	Upvc Doors & Windows
Cement	Foam Sheets	Plastic Products	Vegetable Oil
Ceramic Stone	Food Items.	Polypropylene Products	Vinegar
Ceramic Tiles	Footwear	Garments	Water Pumps
Chainlink Fences	Furniture	Poultry Products	Wires & Nails
Chemical Products	Garments	Powder & Liquid Detergents	Woven Bags
Chips	Grit	Precision Castings	



PRAGUE CLUB MEMBERS

ECGA O Oman	AOFI Serbia	ATI Multilateral
BAEZ Bulgaria	BECI Botswana	DHAMAN Multilateral
ECGE Egypt	ECIC SA South Africa	ECIE United Arab Emirates
ECIO Greece	EGAP Czech Republic	EGFI Iran
EXIAR Russia	EXIM HUNGARY Hungary	EXIMBANKA SR Slovak Republic
EXIM R Romania	EXIMGARANT Belarus	HBOR Croatia
ICIEC Multilateral	IGA Bosnia and Herzegovina	JLGC Jordan
KAZEXPORTGARANT Kazakhstan	KREDEX Estonia	KUKE Poland
LCI Lebanon	LGA Latvia	MBDP Macedonia
NAIFE Sudan	NZECO New Zealand	SID Slovenia
SEP Saudi Arabia	TASDEER Qatar	THAI EXIMBANK Thailand
UKREXIMBANK Ukraine	UZBEKINVEST Uzbekistan	Indonesia Eximbank

AMAN UNION

ECGA of Oman participated on 20th May 2014 in the Aman Union Database meeting which was held in Istanbul, Turkey which was organized by Turkish EXIMBANK. Under the auspices of the Secretariat of the Aman Union Mr. Imaad Soud AL-HARTHY, Head of Claims and Recoveries represented the Agency. ECGA of Oman is one of the founding members of the Aman Union Database which was officially inaugurated in November 2013.

AMAN UNION

The 5th Aman Union Meeting in Tehran, Iran

The 5th Annual Meeting of the Dhaman Union which is the association of the Union of ECAs of member countries of the Organization of Islamic Conference (OIC) was held in Tehran, Iran from10th -12th November 2014. Mr. Nasir bin Issa Al-Ismaily, the General Manager of Export Credit Guarantee Agency of Oman (ECGA) as well as Ms. Sheikha bin Masoud Al-Marhooby its Senior Underwriter attended the meeting. The Aman Union was launched with the initiative of ICEIC - the Islamic Corporation for the Insurance of Investment and Export Credit Insurance, an affiliate of the Islamic Development Bank based in Jeddah, and Dhaman - the Arab Investment and Export Credit Guarantee Corporation based in Kuwait as well as Islamic Export Credit Agencies (ECAs) including the Export Credit Guarantee Agency of Oman. The meeting was hosted by the Export Guarantee Funds of Iran (EGFI) and co-arranged with the Secretariat of the Aman Union in Kuwait. The meeting was officially opened by Mr. Mohammed Riza Nematzadeh the Iranian Minister of Industry, Mine and Trade. More than 70 experts from credit insurance industry in 27 countries gathered at the meeting including the Secretary General of the Berne Union Mr. Kai Preugschat and several distinguished speakers.

The plenary session prior to the annual meeting discussed Database Subscribers of ECAs for which ECGA of Oman is one of the founders. The Aman Union data base has continued to provide credit information reports of buyers for ECAs to underwrite credit risks to many countries expeditiously.

The key note address of the annual general meeting was from Mr. Alessandro Castellano, Chief Executive Office of SACE of the credit insurance agency of Italy titled the Export Credit Agencies & Development Finance, Iran context.

He was followed by Dr. Mohammed Khazaei, the President of the Organization for Investment, Economic and Technical Assistance of Iran (OIETA) who addressed the meeting on the role of its organization. The Secretary General of the Berne Union that is International Association of Credit and Investment Insurers Mr. Kai Preugschat delivered a speech on the impact of Basel III implementation on the credit insurance industry while Mr. Nasir bin Issa Al-Ismaily the General Manager of ECGA of Oman moderated the session on the Country focus on the MENA Region following the presentation of Mr. Ludovic Subran, Chief Economist and Director of Economic Research of Euler Hermes where he highlighted credit and country risks ratings for various countries in the Region. Other topics presented and discussed during the meeting included insuring risks in Sub-Saharan Africa moderated by Mr. Jef Vincent, Chief Underwriting Officer of the African Trade Insurance Agency (ATI) in Kenya. Mr. Ahmed Madkour from Recovery Advisers discussed claims management and recovery strategies and comparison of various collection services. Also discussed was the presentation by Dr. Selim Seval from Turkish Credit Information Agency (CRIF) devoted to the challenges and benefits of credit scoring in emerging markets in the absence of financial information of buyers. Each of the topics were respectively reviewed by panelists and attendees in open discussion. The members also approved the application request of Kazakhstan Export Credit Agency to join the Aman Union.



The Secretariat then informed the participants that the sixth Aman Union meeting will be held in Muscat, Oman in November 2015. Mr. Nasir Al-Ismaily welcomed all participants to the Sultanate as Export Credit Guarantee Agency of Oman will host the meeting. A ten minute movie on Oman was then shown which was warmly received by the members.

MEMBERS OF AMAN UNION

DHAMAN Multilateral	JLGC - Jordan	ICIEC - Multilateral	EGFI - Iran	ASEI - Indonesia
CAGEX - Algeria	ECGA of Oman	ECGE - Egypt	SEP - Saudi Arabia	NAIFE - Sudan
COTUNACE - Tunisia	SHEIKHAN - Sudan	ECIE - UAE	SONAC - Senegal	LCI - Lebanon
	Exim Malaysia - Malaysia	Exim Turkey Turkey	TASDEER – Qatar	

Trade Credit Insurance Conference

The Trade Credit Insurance Summit took place in Dubai was attended by many credit insurance organizations including Export Credit Agencies, Private Credit Insurers, banks and brokers in the MENA Region. The conference was sponsored by Euler Hermes and American International Group (AIG) in association with International Credit Insurance and Surety Association of the Private Credit Insurers (ICISA) represented by its Executive Director Mr. Bob Nijhout as well as the Secretariat of the Berne Union that is International Union of Credit & Investment Insurers. Also attended were speakers from multilateral organizations including World Trade Organization (WTO), The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), as well as African Trade Insurance Agency (ATI). Mr. Nasir bin Issa Al-Ismaily, the General Manager of Export Credit Guarantee Agency of Oman attended the summit. (pictured)

Trade Credit Insurance breakout session in Dubai

This is the second time that this important trade credit insurance conference was held in the MENA Region attended by a number of key experts, speakers and panelists focusing on the trade credit and political risk insurance in the Region. The first day of the conference looked of the performance and outlook of credit insurance business by the members of the Berne Union. A number of presentations were then delivered by experts/speakers.

Reception for Oman Products Exhibition

The reception of the Oman Products Exhibition that was held in Doha Qatar was held at the Crown Plaza Hotel Muscat on 28th January 2014 for the participants. The exhibition was highly successful considering more than 80 Omani exporters were represented. During the reception, H.E. Engineer Dr. Ali bin Masoud Al-Sinaidy presented various awards to participants, sponsors and organizers of the Exhibition. The General Manager of Export Credit Guarantee Agency of Oman Mr. Nasir bin Issa Al-Ismaily received the Award on behalf of the Agency as one of the sponsors of the Exhibition and Appreciation Certificate (pictured).

ECGA of Omani participated in the Exhibition of Oman Products in UAE

The third Omani Products Exhibition (Opex) was held in Dubai from 14th to 16th September 2014. The Exhibition was opened under the patronage of Sheikh Ahmed bin Saeed Al Maktoum, President of the Department of Civil Aviation and CEO and Chairman of The Emirates Group. The inauguration was attended by His Excellency Dr. Ali bin Masoud Al-Sunaidy, Minister of Commerce & Industry along with Sheikh Mohamed bin Abdullah Al Qatabi, the Omani Ambassador to the UAE and other senior officials. Mr. Nasir bin Issa Al-Ismaily, the General Manager of ECGA of Oman attended the Exhibition as well as Mr. Mohamed bin Hilal Al-Jabry – Head of Marketing of ECGA of Oman and Mr. Sulaiman bin Gharib Al-Shaibani an Underwriting Officer. ECGA of Oman was one of the *Gold* Sponsors of the exhibition of Omani products. A total of more than 100 Omani companies participated in the Exhibition. It is worth mentioning that UAE is the largest importer of Oman non-oil products amounting to RO.2 billion of trade in 2013 alone. The volume of export business insured by

Touring the Exhibition

Touring the Exhibition of Omani Industrial Products in Dubai

ECGA Staff

ECGA of Oman to UAE buyers has been growing while significant portion of insured exports gets re-exported to other markets. Dubai is a vital commercial hub for re-exports to many countries.

Marketing

As part of its marketing services, the Agency has continued to publish its news bulletin which has been widely circulated. ECGA's Quarterly *News Bulletin* has been highly informative as it has provided useful information to the exporters on the benefits of credit insurance, lists questions and answers, hints, news items pertaining to ECGA of Oman as well as exports and useful articles on effective credit management tools for export business. Also the Bulletin provides profiles of a number of countries for which ECGA of Oman has actively provide coverage for credit insurance in view of growing Omani non-oil exports to those countries. The Bulletin as well as news release through the media have also increased awareness of the Agency's activities which is reflected in the rise of the credit insured business of exporters.

The News Bulletin can also be retrieved on-line.

The Agency's website is available in both English and Arabic at http://www.ecgaoman.com.om. It also allows exporters to apply for its services on-line as well as include information of its activities/services that are being extended to exporters, ECGA's News bulletin, Archives, proposal and various, application forms for exporters, etc.

ECGA of Oman moved to new offices at Airport Heights

ECGA of Oman has shifted to its own newly built building at the Airport Heights since January 2014. The location of the building is spacious as it is closer to Rusayl Industrial Estate where many ECGA policyholders are located as well as proximity to several newly built Ministries. It is occupying the top fifth floor. The ECGA Building was built from the Agency's own generated funds as it has remained self-sustaining through the years while promoting Omani non-oil exports. The location is shown on the map.

Say with pride

Omani

Buy with pride



CHRONOLOGICAL MILESTONES OF ECGA

DATE	EVENTS
2014	
7th May 2014	ECGA of Oman signed Memorandum of Understanding (MOU) with PEIE
25th April 2014	Presented *Distinguished Person of the Year Award* by ADFIAP to the General Manager of ECGA at its 37th Annual Meeting in Moscow - Russia
13th April 2014	ECGA of Oman signed Memorandum of Understanding (MOU) with Al-Rafd Fund
28th January 2014	ECGA of Oman was awarded "Exhibition and Appreciation Certificate" at the reception of the Oman Products Exhibition in Doha, Qatar
26th January 2014	ECGA of Oman moved to its newly constructed building at the Airport Heights
2013	
31st December	Export Credit Guarantee Agency of Oman building was completed.
2nd December	A Libyan delegation from the Libyan Export Promotion Centre visited ECGA of Oman to learn from its experiences.
13th December	ECGA of Oman launched its upgraded computerized application based on the latest technology of Oracle 11g.
17th to 20th November	ECGA of Oman was one of two bronze sponsors of the Exhibition of Omani Products which was held in Doha, Qatar. A total of 80 Omani exporters participated in the exhibition.
10th December	Aman Union Data Base for subscribed members was launched in Doha, Qatar during its annual meeting of the Union. ECGA of Oman is one of the original subscribed members of the Data Base.
25th May	Prague Club celebrated its 20th Anniversary in Prague Czech Republic. Mr. Nasir Al-Ismaily as the Former Chair of the Prague Club was invited and delivered memorable speech that highlighted Prague Club history and achievements.
2012	
20th November	ECGA of Oman signed Memorandum of Understanding with Exim Bank of Malaysia
20th November	ECGA of Oman signed Facultative Reinsurance Agreement with Dhaman
10th January	ECGA of Oman executed Cooperation Agreement with Export Credit Insurance of Greece (ECIO of Greece)
2011	
15th December	ECGA of Oman celebrated 20th Anniversary since inception of its activities in 1991
14th 16th December	ECGA of Oman hosted Prague Club Meeting and workshop of the Berne Union in Muscat

DATE	EVENTS
2010	
22nd April	ECGA of Oman signed Cooperation Agreement with Islamic Corporation of Investment & Export Credit (ICIEC)
2009	
11th November	ECGA of Oman signed Cooperation Agreement with Export Credit Insurance of Emirates (ECIE)
28th October	ECGA of Oman Joined as member of “AMAN Union”
2nd July	ECGA of Oman Admitted as member of ADFIAP
10th June	General Manager of ECGA of Oman elected as Chairman of Prague Club.
2008	
30th November	ECGA celebrates 17th Anniversary since inception of its activities in November 1991.
3rd July	ECGA signed Memorandum of Understanding with Ahli Bank SAOG
23rd June	ECGA signed Memorandum of Understanding with Oman Development Bank SAOC
1st May	ECGA Renamed to Export Credit Guarantee Agency of Oman SAOC
17th February	ECGA signed Memorandum of Understanding with The Arab Investment and Export Credit Guarantee Corporation (AIECG)
2007	
24th July	ECGA signed Memorandum of Understanding with the newly established Bank Sohar SAOG
5th June	ECGA signed Corporation Agreement with the BAEZ – the Export Credit Agency of Bulgaria in Sofia
15th April	ECGA signed Memorandum of Understanding with the Eximgarant of the Republic of Belarus in Muscat, Oman
2006	
7th December	Familiarization visit of officials from Botswana Export Credit Insurance Agency - Botswana
4th to 6th December	ECGA hosted Prague Club Meeting and workshop of the Berne Union in Muscat
5th December	ECGA signed Memorandum of Understanding with the National Export-Import Insurance Company of Uzbekistan (UZBEKINVEST)
7th to 9th October	Familiarization visit of officials from National Agency for Insurance & Finance of Exports of Sudan to ECGA - Sudan
15th to 18th May	The General Manager of ECGA appointed as member of the Working Group of the Prague Club during its first annual meeting of 2006 in Belgrade – Serbia.
13th May 2006	ECGA sponsored the Exporter of the Year Award at the Oman Awards of Excellence Ceremony

DATE	EVENTS
2005	
31 December	ECGA signed Memorandum of Understanding with Jordan Loan Guarantee Corporation.
20 September	ECGA signed Memorandum of Understanding with State Insurance Cooperation for the Insurance of Export Credit & Investment, of Kazakhstan.
14 May 2005	ECGA was awarded with (Public Service Initiative Award 2004)
2004	
13 December	ECGA was presented by the Ministry of Commerce and Industry with the Award marking His Majesty›s Cup for the Best Five Industries for the Year 2004.
30 November	ECGA signed Memorandum of Understanding with Saudi Export Program of the Saudi Fund for Development
18 September	ECGA presented «Business Association Awards» to a number of exporters managing the Export Credit Policy effectively through the years
25 June	ECGA signed Memorandum of Understanding with Exim Bank of Thailand
06 February	ECGA was presented with «Certificate of Merit» by Ministry of Commerce during the 3rd Workshop of Small and Medium Enterprises of Arab countries
2003	
01 September	ECGA commenced issuing domestic credit insurance polices
05 August	ECGA signed Framework of Memorandum of Understanding with the Slovene Export Corporation (SEC) of Slovenia
03 June	Domestic Credit Insurance obtained reinsurance endorsement from the international reinsurers
30 March	Board of Directors approved the introduction of domestic credit insurance to Omani exporters
16 March	ECGA’s Reinsurance Treaty under Quota Share Reinsurance Treaty with Namur Re successfully renewed for another year
2002	
23 October	ECGA signed Memorandum of Understanding with The Export Guarantee Fund of Iran
23 October	Certificate of Merit presented to the General Manager of ECGA by Credit Alliance
18 September	Participation meeting of ECAs of Arab countries in Tunisia under the auspices of Inter-Arab Investment Guarantee Corporation.
30 June	ECGA transformed into independent closed held company S.A.O.C
2001	
12 November	Presented to ECGA *“Partners in Progress”* award by Oman National Dairy Products S.A.O.G
01 October	Award of John Manners Shield by Credit Alliance to the General Manager of ECGA at its General Annual Meeting in Vienna, Austria
17 June	ECGA’s logo approved
13 May	Accepted as fully-fledged member of Prague Club under the auspices of Berne Union that is International Union of Credit and Investment Insurance

DATE	EVENTS
21 March	COFACE Group launched @ Rating in Muscat in association with ECGA
20 March	Hosted the first regional Meeting of Africa-Middle East of Credit Alliance in Muscat
2000	
25 May	Invited as an Observer of the Prague Club
1999	
01 May	Introduction of Pre-shipment Credit Guarantee Scheme to commercial banks
06 March	Name amended to Export Credit Guarantee Agency
1998	
19 September	Launching of Agency’s website
1997	
10 December	Hosted meeting of National Export Credit Agencies of Arab Countries in Muscat, Oman in coordination with the Inter-Arab Investment Guarantee Corporation.
29 March	Publication of the Agency›s first issue of News Bulletin
1996	
01 July	Joined as member of Credit Alliance Network under the auspices of Coface of France
1994	
01January	Signed Reinsurance Treaty with International Lead Reinsurers
1993	
19 January	Executed Line of Credit Agreement for US$ 10 million with Arab Trade Financing Programme (ATFP) an affiliate of the Arab Monitory Fund for refinancing Omani exporters. Fully paid back.
1992	
01 January	Normal operations of EGFU for its credit insurance activities and bills discounting through post shipment financing scheme through commercial banks extended to Omani exporters.
1991	
05 November	Executed MOU with Commercial Banks for post shipment financing. Issued first few policies to exporters.
01 November	Commencement and introduction of Export Credit Insurance Services under the name of Export Guarantee & Financing Unit (EGFU)
1989	
12 November 1989	Development Council issued Resolution to form an Export Promotion Unit under the umbrella of Oman Development Bank

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXPORT CREDIT GUARANTEE AGENCY OF OMAN SAOC

Report on the financial statements

We have audited the financial statements of Export Credit Guarantee Agency of Oman SAOC ("the Company") set out on pages 2 to 28, which comprise the statement of financial position as at 31 December 2014, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the Commercial Companies Law of 1974, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirement

In our opinion, the financial statements of the Company as at and for the year ended 31 December 2014, in all material respects, comply with the Commercial Companies Law of 1974, as amended.

11 March 2015

KPMG

Statement of financial position

as at 31 December

	Notes	2014 RO	2013 RO
ASSETS			
Cash and cash equivalents	5	**87,474**	286,737
Term deposits	6	**6,673,000**	6,908,047
Insurance premiums and other receivables	7	**787,759**	159,176
Reinsurers' share of claims	8	**403,898**	44,818
Staff housing loans	9	**61,998**	70,683
Prepayments	10	**21,401**	213,113
Available-for-sale investments	11	**4,652,114**	5,136,488
Held-to-maturity investments	12	**52,870**	48,637
Property and equipment	13	**3,193,278**	2,850,562
Total assets		**15,933,792**	15,718,261
EQUITY AND LIABILITIES			
Capital and reserve			
Share capital	14	**7,000,000**	7,000,000
Legal reserve	15	**433,740**	399,343
General reserve	16	**208,948**	191,750
Fair value reserve on available-for-sale investments	11	**1,319,894**	2,124,337
Retained earnings		**5,624,939**	5,332,564
Total equity		**14,587,521**	15,047,994
Liabilities			
Provision for outstanding claims	8	**926,573**	207,484
Payables and accruals	17	**350,682**	399,767
End of service benefits	18	**31,452**	27,954
Provision for directors' remuneration		**30,000**	25,000
Provision for income tax	19	**2,204**	10,025
Deferred tax liability	19	**5,360**	37
Total liabilities		**1,346,271**	670,267
Total equity and liabilities		**15,933,792**	15,718,261
Net assets per share	20	**2.084**	2.150

The financial statements were approved and authorised for issue by the board of Directors on 11 March 2015 and signed on their behalf by:

H.E. Said Bin Saleh Al Kiyumi	**Hamad Bin Salim Al Harthy**	**Nasir Bin Issa Al-Ismaily**
Chairman	Chairman of Audit Committee	General Manager

The notes on pages 49 to 70 form an integral part of these financial statements.

The report of the Auditors is set forth on page 43.



Statement of profit or loss
for the year ended 31 December 2014

	Notes	2014 RO	2013 RO
Income			
Gross premiums written	21	**501,167**	539,144
Premiums ceded to reinsurers (net)	22	**(155,362)**	(164,679)
Net premium income		**345,805**	374,465
Interest income	23	**129,419**	173,015
Investment income	24	**747,138**	411,312
Profit commission from reinsurers	25	**38,684**	52,964
Credit limit processing fees		**10,145**	13,735
Other income		**16,998**	3,029
Rental income		**450,336**	-
Total income		**1,738,525**	1,028,520
Expenses			
Insurance claims expense	8	**(821,369)**	(89,636)
Reinsurers' share of claims	8	**410,220**	44,818
Insurance claims adjustments (net)	8	**6,130**	12,231
General and administrative expenses	26	**(974,329)**	(678,976)
Impairment of available-for-sale investments	11	**-**	(4,797)
Interest subsidy to exporters		**(9,884)**	(21,496)
Total expenses		**(1,389,232)**	(737,856)
Profit for the year before taxation		**349,293**	290,664
Income tax	19	**(5,323)**	372
Profit for the year		**343,970**	291,036
Earnings per share - basic and diluted	27	**0.049**	0.042

The notes on pages 49 to 70 form an integral part of these financial statements.

The report of the Auditors is set forth on page 43.

Statement of comprehensive income
for the year ended 31 December 2014

	2014 RO	2013 RO
Profit for the year	**343,970**	291,036
Other comprehensive income:		
Net changes in fair value of available-for-sale investments	**(722,949)**	907,765
Reclassification adjustments relating to available-for-sale investments sold during the year	**(81,494)**	(79,475)
Total other comprehensive (loss) / income	**(804,443)**	828,290
Total comprehensive (loss) / income for the year	**(469,129)**	1,119,326

The notes on pages 49 to 70 form an integral part of these financial statements.

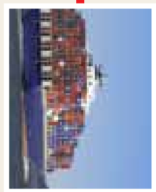
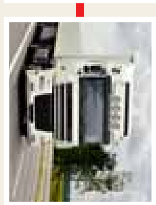
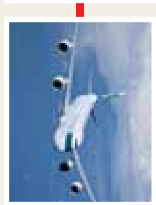
The report of the Auditors is set forth on page 43.

Statement of changes in equity
for the year ended 31 December 2014

	Share capital	Legal reserve	General reserve	Fair value reserve on available -for-sale investments	Retained earnings	Total
	RO	RO	RO	RO	RO	RO
At 1 January 2013	7,000,000	370,239	177,198	1,296,047	5,085,184	13,928,668
Profit for the year	-	-	-	-	291,036	291,036
Other comprehensive profit	-	-	-	828,290	-	828,290
Total comprehensive income	-	-	-	828,290	291,036	1,119,326
Transfer to statutory reserve	-	29,104	-	-	(29,104)	-
Transfer to general reserve	-	-	14,552	-	(14,552)	-
At 31 December 2013	7,000,000	399,343	191,750	2,124,337	5,332,564	15,047,994
At 1 January 2014	**7,000,000**	**399,343**	**191,750**	**2,124,337**	**5,332,564**	**15,047,994**
Profit for the year	**-**	**-**	**-**	**-**	**343,970**	**343,970**
Other comprehensive income	**-**	**-**	**-**	**(804,443)**	**-**	**(804,443)**
Total comprehensive income	**-**	**-**	**-**	**(804,443)**	**343,970**	**(460,473)**
Transfer to statutory reserve	**-**	**34,397**	**-**	**-**	**(34,397)**	**-**
Transfer to general reserve	**-**	**-**	**17,198**	**-**	**(17,198)**	**-**
At 31 December 2014	**7,000,000**	**433,740**	**208,948**	**1,319,894**	**5,624,939**	**14,587,521**

The notes on pages 49 to 70 form an integral part of these financial statements.

The report of the Auditors is set forth on page 43.

Statement of cash flows

for the year ended 31 December 2014

	2014 RO	2013 RO
Operating activities		
Profit before tax	349,293	290,664
Adjustments for:		
Depreciation of property and equipment	186,211	4,515
Dividend income	(280,118)	(241,791)
Interest income	(129,419)	(173,015)
Interest subsidy to exporters	9,884	21,496
Gain/(loss) from disposal of property and equipment	(4,845)	15
Provision for end of service benefits	3,498	3,694
Gain on sale of available-for-sale investments	(467,020)	(169,521)
Impairment of available-for-sale investments	-	4,797
Directors' remuneration	30,000	25,000
Operating loss before working capital changes	(302,516)	(209,146)
Changes in working capital:		
Insurance premiums and other receivables	(615,198)	21,064
Reinsurers' share of claims	(359,080)	(28,102)
Staff housing loans	8,685	8,609
Prepayments	191,712	55,497
Provision for outstanding claims	719,089	43,973
Payables and accruals	(44,172)	59,075
Net cash used in operations	(401,480)	(74,030)
Interest subsidy paid to exporters	(14,797)	(21,340)
Proposed directors remuneration paid	(25,000)	-
Employees" end of service indemnity	-	(46,900)
Income tax paid	(7,821)	(9,751)
Net cash used in operating activities	(449,098)	(182,021)
Investing activities		
Term deposits	(6,673,000)	(6,908,047)
Term deposits matured	6,908,047	7,873,000
Purchase of available-for-sale investments	(969,231)	(18,051)
Purchase of held-to-maturity investments	(18,615)	(24,119)
Proceeds from sales of available-for-sale investments	1,116,182	368,785
Held-to-maturity investments matured	14,382	-
Interest income received	116,034	209,346
Dividends received	280,118	241,791
Purchase of property and equipment	(529,147)	(1,408,214)
Proceeds from sale of property and equipment	5,065	-
Net cash from investing activities	249,835	334,491
Net change in cash and cash equivalents	(199,263)	152,470
Cash and cash equivalents at beginning of the year	286,737	134,267
Cash and cash equivalents at end of the year (Note 5)	87,474	286,737

The notes on pages 49 to 70 form an integral part of these financial statements.

The report of the Auditors is set forth on page 43.



Notes to the financial statements

(forming part of the financial statements)

1. Legal status and principal activities

Export Credit Guarantee Agency of Oman SAOC (the "Company") is the national export credit agency of the Sultanate of Oman. The Company commenced operations in November 1991 and was transformed into a closely held joint stock company on 30 June 2002 under the registration number 1/70017/0. During 2008, the members in their meeting held on 24 March 2008, through a special resolution, decided to change the name of the Company from Export Credit Guarantee Agency SAOC to Export Credit Guarantee Agency of Oman SAOC. The registered address of the Company is P O Box 2031, CPO, Postal Code 111, Sultanate of Oman.

The principal activity of the Company is to promote Omani non-oil exports through its various credit insurance and financing services to the exporters as listed below:

a) Providing export insurance cover to Omani exporters against commercial and non-commercial risks;

b) Assisting the exporters in availing post shipment facilities for credit insured exports at concessional interest through commercial bank; and

c) Issuing pre-shipment credit guarantees to commercial banks for granting pre-shipment facilities to credit insured exporters.

d) In addition to the above services, the Company also provides domestic insurance cover to Omani exporters against commercial risks.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

For the year ended 31 December 2014, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for year beginning on 1 January 2014.

Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Company

- IFRS 9: Financial Instruments (effective from 1 January 2018) deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The management are still in the process of determining the impacts, if any, on the Company's financial position and financial performance.
- IFRS 15: Revenue from contracts with customers (effective from 1 January 2017). Standard provides a single, principles based five-step model for revenue recognition to be applied to all contracts with customers. The requirement of this standard might represent a significant change from existing requirements in IAS 18 in respect of revenue recognition.

Management have assessed that these standards are not expected to have significant impact on the financial statements of the Company.

3. Summary of significant accounting policies

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, and applicable requirements of the Commercial Companies Law of 1974 as amended.

Basis of preparation

These financial statements are presented in Rial Omani (RO) since that is the currency in which the majority of the transactions are denominated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value.

The accounting policies have been consistently applied in dealing with items that are considered material in relation to the Company's financial statements for all the years presented.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases:

	Years
Motor vehicles	5 - 7
Furniture and fixtures	5
Office equipment	5
Building	20

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is dealt with in the profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policies.

Impairment

At the each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).



The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

Financial instruments

Classification

The Company classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments and available-for-sale investments. Management determines the classification of its investments at initial recognition.

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They can be originated or acquired by the Company with no intention of trading the receivable and comprise loans and advances to banks and customers other than bonds purchased at original issuance.

Available-for-sale investments

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity investments.

Recognition and derecognition

The Company recognises available-for-sale investments on the trade date, which is the date it commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished.

Measurement

Financial assets are measured initially at fair value plus transaction costs.

Subsequent to initial recognition all available-for-sale investments are measured at fair value.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

All receivables are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles

The fair values of quoted investments in active markets are based on current bid prices.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the profit or loss.

A financial asset or a group of financial assets is impaired and an impairment loss is incurred if, and only if, there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; and,
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a company financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets, including adverse changes in the payment status of borrowers, or national or local economic conditions that correlate with defaults on the assets.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, and recognized in the statement of profit or loss. The recoverable amount represents the present value of expected future cash flows.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes



the asset in financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Insurance contracts

Export credit insurance cover

The Company has provided its export credit insurance support to a large number of Omani exporters since inception of its operations in 1991 against the risks of non-payment of exports due to commercial and political (non-commercial) risks. With its credit insurance scheme, the Omani exporters are provided not only protection against payment risks but also the Company advises exporters on credit worthiness of overseas buyers and guides the exporters on their collection and recovery of bad debts. Credit insurance is

considered an essential and important tool for exporters in mitigating the risks of non-payment. It allows the exporters to sell safely on credit terms and away or non-traditional markets. By insuring their exports with the Company, the policyholders have better control of their export receivables by keeping tab of the buyers and credit limits approved for cover by the Company.

The Company offers two types of cover under its export credit insurance services to exporters, i.e., shipment policy and contract policy, credit insurance is effective once the goods are shipped. The goods are standard products, which can be easily marketable. Contract policy applies for specially designed goods made as per the request of the buyer. Such goods cater for a specific market, with cover commencing from the date of contract.

Under both policies, the buyer risks as well as political or country risks are covered. The former risks for which the exporter is covered include insolvency of the buyer, non-payment of goods accepted by the buyer or refusal by the buyer to accept goods which comply with the contract. Cover of the political or country risks also known as non-commercial risks, provides protection to the exporters against the risks of non-payment that include intervention to prevent transfer of payments, cancellation of license, civil commotion or acts of war or any action of government of the foreign country which wholly, or partly, prevents performance of the contract, or imposition of new restrictions on exports after date of contract and the failure or refusal on the part of public buyer to fulfill any of the terms of the contract where the Company has agreed that the buyer is a national government authority.

Under both policies the Omani exporters are covered up to 80% of loss from commercial risks and 85% from political risks. However, when the buyer fails to accept the goods, the exporter bears the first loss of 20% and the Company bears the balance.

Apart from the risk minimization, from which the exporter benefits through payment of claims by the Company in the case of non-payment by the buyers, the export credit policy can also be assigned to the exporter’s banker as collateral. Such assignment provides the opportunity for the exporters to obtain new, or enhancement of existing, post-shipment financing facilities on better or concessional terms that the banks might not otherwise have been prepared to offer.

Domestic credit insurance cover

The domestic credit insurance scheme was introduced by the Company in September 2003 and has since gained momentum with a number of key Omani exporters availing the facility. The facility provides additional protection to the credit insured exporters against the risk of protracted default and insolvency of domestic buyers as well as easing the exporters cash flow constraints and liquidity problems. In order to avail domestic credit insurance, the suppliers of Omani produced products should also insure their exports by taking the export credit insurance of the Company.

Domestic credit policy is useful for Omani suppliers as it is considered an extension of the same service as export credit insurance because the benefits which the exporters derive also provide protection against the risks of non-payment from domestic buyers against goods supplied on credit. The domestic credit insured bills can also be discounted by commercial banks by assigning the benefits under the domestic credit policy thus obtaining facilities needed by these local suppliers.

Liability adequacy test

The Company carries out a liability adequacy test to ensure the adequacy of contract liabilities as set out in the financial statements. All outstanding claims including claims incurred but not reported are treated as current and expected to be settled within twelve months from the reporting date. The amount outstanding for each claim is reviewed by claim officer, the Company's management and Board of directors on a regular basis and any adjustments considered necessary are made in the statement of profit or loss.

Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contract issued by the Company that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The Company maintains. Quota share Reinsurance Treaty with the private international reinsurers. The treaties provide reinsurance protection to the Company's exposure against both commercial as well as non-commercial risks.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within Insurance provision for claims notified that are dependent on the expected claims and benefits arising under the related reinsured insurance contract). Amount recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due, net of commission income which represents income earned from reinsurance companies.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the statement of comprehensive income. The Company gathers objective evidence that a reinsurance asset is impaired using the same process adopted for insurance and other receivables.

Claims

Claims are charged to profit or loss as incurred based on the estimated liability for individual cases reported and eligible amounts which were declared by the customers at the time of issuance of contract. The Company does not discount its liabilities for unpaid claims. Liabilities for claims incurred but not notified are made based on statistical analysis for such claims developed in previous years.



End of service benefits

End of service benefits are accrued in accordance with the terms of employment agreement of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments. Employee entitlements to annual leave are recognized when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law of 1991, are recognised as an expense in the statement of profit or loss as incurred.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Taxation

Income tax on the results for the year comprises current and deferred tax.

Current tax is recognized in the statement of profit or loss as the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Revenue recognition

Gross premium income is recognized on insurance contracts issued based on declarations by the Company's customers as and when declared during the year. The Company issues contracts that transfer insurance risk. Insurance contracts issued by the Company comprise export credit insurance cover and domestic credit insurance. The durations of all contracts are considered to be short term as claims can be lodged only within a period of two months after the period of the credit guarantee.

Any recovery made after claim for loss is indemnified by the Company to the exporter will share as per the proportion of claim for loss shared by the Company and the reinsurers.

Interest income is recognized on a time proportion basis using effective interest method.

Dividend income is accounted for in the period when the right to receive payment is established.

Interest subsidies

The Company has entered into a memorandum of understanding with almost all commercial banks in the Sultanate of Oman for discounting export bills for credit insured exporters under the post-shipment financing scheme. The credit insured exporters can discount their export bills through commercial banks at a preferential interest rate.

Interest subsidies are expensed in the year in which they are granted.

Foreign currency

Transactions denominated in foreign currencies are initially translated into Rials Omani at the rate of exchange prevailing on the date of transactions. Assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing on that date. The exchange gains and losses are dealt with in the statement of comprehensive income.

Directors' remuneration

Directors' remuneration is computed in accordance with the provisions of the Commercial Companies Law.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Company considers all cash and bank balances with a maturity of less than three months from the date of its placement to be cash and cash equivalents.

Equity

Ordinary shares and balances representing a residual interest in the net assets of the Company are presented within equity.

4. Critical accounting estimates and assumptions

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas of critical accounting judgement and estimation include the following:

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The ultimate liability arising from claims made under insurance contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is a

critical accounting estimate of the Company. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of the claims notified at the reporting date and for the expected ultimate cost of claims not notified at such date. Liabilities for unpaid notified claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on the amount at risk for claims not notified. At each reporting date, prior year claims' estimates are reassessed for adequacy and changes are made to the provision.

Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses in evaluating the adequacy of the liability. Any deficiency is immediately charged to profit or loss.

Useful lives of property and equipment

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

5. Cash and cash equivalents

	2014	2013
	RO	RO
Cash on hand	**200**	200
Bank balances:		
Current account	**87,274**	286,537
	87,474	286,737

6. Term deposits

Deposits are held with commercial banks in Oman, denominated in Rials Omani and carry an effective annual interest rate of 1% to 2.6% (2013 - 1% to 3.25%). Deposits have maturities ranging from 2 January 2015 to 23 June 2015 (2013: 1 January 2014 to 4 December 2014).

7. Insurance premiums and other receivables

	2014	2013
	RO	RO
Insurance premiums receivable	**69,085**	67,942
Interest and dividend income receivable	**101,808**	88,423
Due from employees	**1,830**	2,811
Due from brokerage company	**615,036**	-
	787,759	159,176

8. Provision for outstanding claims and reinsurers' share of claims

	2014			2013		
	Gross RO	Reinsurance RO	Net RO	Gross RO	Reinsurance RO	Net RO
(a) Notified						
At 1 January	**89,636**	**(44,818)**	**44,818**	33,432	(16,716)	16,716
Insurance claims adjustments	**(12,260)**	**6,130**	**(6,130)**	-	-	-
Insurance claims expense	**820,440**	**(410,220)**	**410,220**	89,636	(44,818)	44,818
Claims paid during the year	**(90,020)**	**45,010**	**(45,010)**	(33,432)	16,716	(16,716)
At 31 December	**807,796**	**(403,898)**	**403,898**	89,636	(44,818)	44,818
(b) Not-notified						
At 1 January	**117,848**	**-**	**117,848**	130,079	-	130,079
Insurance claims expenses/(adjustments)	**929**	**-**	**929**	(12,231)	-	(12,231)
At 31 December	**118,777**	**-**	**118,777**	117,848	-	117,848
	926,573	**(403,898)**	**522,675**	207,484	(44,818)	162,666

(c) Insurance claims expenses and insurance claims adjustments

Insurance claims expenses						
Notified	**820,440**	**(410,220)**	**410,220**	89,636	(44,818)	44,818
Not-notified	**929**	**-**	**929**	-	-	-
	821,369	**(410,220)**	**411,149**	89,636	(44,818)	44,818
Insurance claims adjustments						
Opening provision no longer required						
Notified	**(12,260)**	**6,130**	**(6,130)**	-	-	-
Not-notified	**-**	**-**	**-**	(12,231)	-	(12,231)
	(12,260)	**6,130**	**(6,130)**	(12,231)	-	(12,231)

9. Staff housing loans

Staff housing loans are recoverable over periods of up to twenty years. A significant portion of the loans are interest free while the balance accrues interest at rates below the prevalent market rates for such borrowings.

10. Prepayments

	2014 RO	2013 RO
Advance payments	**20,100**	95,456
Prepayment of lease rental (note 28)	**-**	117,500
Other prepayments	**1,301**	157
	21,401	213,113



The Company had paid an amount of RO 250,000 to Oman Development Bank SAOC in the year ended 31 December 2000 representing lease rental for 25 years. During 2014 the Company recovered the outstanding balance of prepaid lease rental due to shifting to new premises.

11. Available-for-sale investments

	2014			2013
	Fair value	**Cost**	Fair value	Cost
	RO	**RO**	RO	RO
Banking	**1,185,038**	**949,470**	1,560,101	1,029,831
Services	**752,449**	**503,634**	1,139,183	717,721
Industrial	**1,110,060**	**834,696**	1,321,845	567,581
Investment	**1,604,567**	**1,044,420**	1,115,359	701,815
	4,652,114	**3,332,220**	5,136,488	3,016,948

All investments are in quoted securities within the Muscat Securities Market.

Movement in available-for-sale investments during the year is as follows:

	2014	2013
	RO	RO
At 1 January	**5,136,488**	4,494,208
Purchases of investments	**969,231**	18,051
Sales of investments	**(649,162)**	(199,264)
Fair value changes	**(804,443)**	828,290
Impairment of investments	**-**	(4,797)
At 31 December	**4,652,114**	5,136,488

12. Held-to-maturity investments

	2014	2013
	RO	RO
Debt securities	**52,870**	48,637

Details of the debt securities are as follow:

		2014	2013
	Interest rate	**RO**	RO
Bank Muscat SAOG	**7.00%**	**-**	14,382
Bank Muscat SAOG	**4.5%**	**37,230**	18,615
Bank Sohar Bond	**4.5%**	**5,504**	5,504
Renaissance Services SAOG	**3.75%**	**10,136**	10,136
		52,870	48,637

13. Property and equipment

	Motor vehicles	Furniture and fixtures	Office equipment	Building	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO
Cost						
At 1 January 2013	24,550	46,337	91,273	-	1,435,312	1,597,472
Additions	-	-	30,554	-	1,377,660	1,408,214
Disposals	-	(1,446)	-	-	-	(1,446)
At 1 January 2014	**24,550**	**44,891**	**121,827**	**-**	**2,812,972**	**3,004,240**
Additions	**11,750**	**159,449**	**21,085**	**-**	**336,863**	**529,147**
Transfer	**-**	**-**	**-**	**3,149,835**	**(3,149,835)**	**-**
Disposals	**-**	**(36,751)**	**(75,754)**	**-**	**-**	**(112,505)**
At 31 December 2014	**36,300**	**167,589**	**67,158**	**3,149,835**	**-**	**3,420,882**
Depreciation						
At 1 January 2013	16,646	46,050	87,898	-	-	150,594
Charge for the year	2,429	30	2,056	-	-	4,515
Disposals	-	(1,431)	-	-	-	(1,431)
At 1 January 2014	**19,075**	**44,649**	**89,954**	**-**	**-**	**153,678**
Charge for the year	**4,111**	**28,027**	**10,529**	**143,547**	**-**	**186,211**
Disposals	**-**	**(36,572)**	**(75,713)**	**-**	**-**	**(112,285)**
At 31 December 2014	**23,186**	**36,104**	**24,767**	**143,547**	**-**	**227,604**
Carrying value						
At 31 December 2014	**13,114**	**131,485**	**42,391**	**3,006,288**	**-**	**3,193,278**
At 31 December 2013	5,475	242	31,873	-	2,812,972	2,850,562

The building is constructed on land leased from the Government of the Sultanate of Oman (see note 29). The lease is initially for a period of 20 years and is renewable upon the mutual agreement of the parties.

14. Share capital

The share capital comprises 7,000,000 (2013: 7,000,000) authorized, issued and fully paid ordinary shares of RO 1 each. The entire share capital is held by the Ministry of Finance.

15. Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, the Company transfers 10% of the net profit for the year to legal reserve until such time as the legal reserve totals one third of the issued share capital of the Company. This reserve is not available for distribution.

16. General reserve

During the year, the Board of Directors' proposed an allocation of 5% of the net profits for the year (2013: 5%) to a general reserve. This will be submitted for approval in the next Annual General Meeting.



17. Payables and accruals

	2014	2013
	RO	RO
Reinsurance premium payable	**140,091**	66,326
Accrued expenses	**103,219**	159,003
Retention payable	**74,293**	139,585
Provision for leave pay and passage	**29,801**	26,662
Interest subsidy to exporters'	**3,278**	8,191
	350,682	399,767

18. End of service benefits

	2014	2013
	RO	RO
At 1 January	**27,954**	71,160
Paid during the year	**-**	(46,900)
Charge for the year	**3,498**	3,694
At 31 December	**31,452**	27,954

19. Taxation

Income tax is provided as per the provisions of the "Law of Income Tax on Companies" in Oman after adjusting the items which are non-assessable or disallowed. Income tax is calculated at 12% (2013: 12%) on the adjusted taxable income after deducting the statutory exemption of RO 30,000.

	2014	2013
	RO	RO
Statement of profit or loss		
Current tax		
Current year	**-**	-
Deferred tax		
Current year expense / (income)	**5,323**	(372)
Total taxation	**5,323**	(372)
Liability		
Current year	**-**	-
Prior years	**2,204**	10,025
Total taxation	**2,204**	10,025

The total charge for the current tax can be reconciled to the accounting profits as follows:

	2014 RO	2013 RO
Net profit for the year before taxation	**349,293**	290,664
Income tax expense	**38,315**	31,280
Net tax effect of deductible and non-deductible expenses	**(89,657)**	(31,280)
Deferred tax asset not recognized	**56,665**	-
Tax expense for the year	**5,323**	-

Status of tax assessment

The Company's income tax assessments have been finalized up to 2008. The management believes that additional taxes, if any, in respect of open tax years would not be material to the Company's financial position as of 31 December, 2014.

Recognised deferred tax liability is attributable to the following item:

	At 1 January 2014 RO	Charge to income statement RO	At 31 December 2014 RO
Liability			
Tax effect of depreciation	(37)	(5,323)	**(5,360)**

Deferred tax asset in the amount of RO 62,721 in respect of Provision for outstanding claims and reinsurers' share of claims has not been recognized as 31 December 2014.

20. Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the equity holders of the parent Company at year end by the number of shares outstanding as follows:

	2014	2013
Net assets (RO)	**14,587,521**	15,047,994
Number of ordinary shares	**7,000,000**	7,000,000
Net asset per share (RO)	**2.084**	2.150

21. Gross premiums written

	2014 RO	2013 RO
Export Credit Guarantee Services	**388,971**	433,866
Domestic Credit Guarantee Services	**112,196**	105,278
	501,167	539,144



22. Premium ceded to reinsurers

Premium ceded net of reinsurance commission earned is as follows:

	2014	2013
	RO	RO
Export Credit Guarantee Services	120,581	132,479
Domestic Credit Guarantee Services	34,781	32,200
	155,362	164,679

23. Interest income

	2014	2013
	RO	RO
Interest from term deposits	123,531	166,689
Interest from held-to-maturity investments	2,314	2,213
Interest from bank current accounts	3,263	3,724
Interest income from staff housing loans	311	389
	129,419	173,015

24. Investment income

	2014	2013
	RO	RO
Dividend income on available-for-sale investments	280,118	241,791
Gain on sale of available-for-sale investments (net)	467,020	169,521
	747,138	411,312

25. Profit commission from reinsurers

This represents profit commission paid by the reinsurer for the underwriting year 2011 (2013: underwriting year 2010) in accordance with the reinsurance treaty. The commission is calculated at 35% on the net amount arrived at by deducting, from the premium for the respective year, the ceding commission, claims paid and reinsurers expenses.

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26. General and administrative expenses

	2014 RO	2013 RO
Salaries and related costs [note 26 (a)]	**601,407**	529,480
Credit reports and information	**7,004**	14,426
Rent commission	**20,232**	-
Business promotions and advertising	**24,778**	11,274
Business travel	**31,205**	25,108
Board of directors sitting fees	**13,200**	18,500
Rent	**1,685**	10,000
Training expenses	**11,914**	7,383
Depreciation of property and equipment (note 13)	**186,211**	4,515
Cleaning, repairs and maintenance	**9,688**	6,017
Communication	**5,508**	4,467
Publications and subscription library	**2,600**	2,349
Utilities	**3,050**	3,000
Vehicle expense	**2,669**	3,052
Printing and stationery	**2,389**	1,754
Land usufruct	**1,276**	1,169
Board of directors' remuneration	**30,000**	25,000
Legal advice	**11,700**	301
Miscellaneous expenses	**7,813**	11,181
	974,329	678,976

26 (a) Salaries and related costs

	2014 RO	2013 RO
Salaries and allowances	**445,852**	402,945
Social security insurance	**30,938**	21,647
End of service benefits (note 18)	**3,498**	3,694
Other costs	**121,119**	101,194
	601,407	529,480

27. Earnings per share - basic and diluted

The earnings per share have been derived by dividing the net profit for the year attributable to shareholders by the weighted average number of shares outstanding.

	2014	2013
Profit for the year (RO)	**343,970**	291,036
Weighted average number of shares	**7,000,000**	7,000,000
Earnings per share - basic and diluted (RO)	**0.049**	0.042



28. Related parties

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from commercial transactions, which are entered into a mutually agreed terms and conditions.

Balances carried at year end:

	2014	2013
	RO	RO
Prepaid lease rent	**-**	117,500

During the year the related parties transactions were as follows:

	2014	2013
	RO	RO
Directors' remuneration	**30,000**	25,000
Directors' sitting fees	**13,200**	18,500
Rent	**1,685**	10,000
Premium written	**700**	1,001
Credit limit processing fees	**20**	100

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

	2014	2013
	RO	RO
Key management compensation	**176,083**	158,360

29. Commitments

Capital commitment

At 31 December 2014, the Company had commitments for acquisition of property and equipment amounting to RO 70,600 (2013 – RO 492,135).

Lease commitment

The Company leases the land on which its building is constructed for a period of 20 years commencing in 2008, subject to renewal upon mutual agreement of the parties (note 13). The Company's future minimum lease commitments under the lease agreement are shown below.

	2014	2013
	RO	RO
Less than one year	**1,276**	1,276
After one year but within five years	**6,380**	6,380
After five years	**8,294**	9,570
	15,950	17,226

30. Financial risk management

Overview

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, other than those relating to reinsurance contracts as described in reinsurance risk, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties.
- The Company's held-to-maturity portfolio is managed by the Company's management in accordance with the investment policy established by the Board of directors.
- The Company seeks to limit its credit risk with respect to customers by monitoring outstanding receivables. Premium and insurance balances receivable comprise a large number of customers within Oman.
- Four customers account for 36.6% of the receivables as of 31 December 2014 (2013 - 40.5%).
- The Company's bank balances are maintained with reputed banks.

The table below provides information regarding the credit risk exposure of the Company by classifying various assets.

31 December 2014	Not due and considered good	Past due but not impaired	Impaired	Total
	RO	RO	RO	RO
Insurance premiums	-	69,085	-	69,085
Reinsurers' share of claims	403,898	-	-	403,898
Due from brokerage company	615,036	-	-	615,036
Other receivables	103,638	-	-	103,638
Held to maturity investments	52,870	-	-	52,870
Term deposits	6,673,000	-	-	6,673,000
Balance with banks	87,274	-	-	87,274
Total	7,935,716	69,085	-	8,004,801

31 December 2013	Not due and considered good	Past due but not impaired	Impaired	Total
	RO	RO	RO	RO
Insurance premiums	-	67,942	-	67,942
Reinsurers' share of claims	44,818	-	-	44,818
Other receivables	91,234	-	-	91,234
Held to maturity investments	48,637	-	-	48,637
Term deposits	6,908,047	-	-	6,908,047
Balance with banks	286,537	-	-	286,537
Total	7,379,273	67,942	-	7,447,215

The following table provides an age analysis of receivables arising from insurance and reinsurance contracts past due but not impaired.

	Past due but not impaired						
	Less than 1 month	**1 to 4 months**	**4 to 7 months**	**7 to 9 months**	**9 to 12 months**	**> 12 months**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
31 December 2014	**65,192**	**3,375**	**3**	**-**	**515**	**-**	**69,085**
31 December 2013	63,603	3,868	471	-	-	-	67,942

For assets to be classified as 'past due and impaired' contractual payments in arrears are more than 90 days and impairment adjustment is recorded in the statement of comprehensive income for this. When the credit exposure is adequately secured, arrears more than 90 days might still be classified as 'past due but not impaired", with no impairment adjustment recorded.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. As the Company does not have any interest bearing liabilities, the totals in the table match the statement of financial position.

31 December 2014	**Less than one year**	**More than one year**	**Total**
	RO	**RO**	**RO**
Liabilities			
Provision for outstanding claims	**926,573**	**-**	**926,573**
Payables and accruals	**246,649**	**104,033**	**350,682**
Proposed directors' remuneration	**30,000**	**-**	**30,000**
Total liabilities	**1,203,222**	**104,033**	**1,307,255**

31 December 2013	Less than one year RO	More than one year RO	Total RO
Liabilities			
Provision for outstanding claims	207,484	-	207,484
Payables and accruals	267,510	132,250	399,760
Proposed directors' remuneration	25000	-	25,000
Total liabilities	499,994	132,250	632,244

Market risk

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's investments in bonds and bank deposits are with fixed interest rate and therefore, are not exposed to interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company enters into major agreements in Rials Omani and US Dollars. As the Rials Omani is effectively pegged to the US Dollar, there is no significant currency risk.

Equity risk

Company is exposed to the volatility in the prices of the securities held under equity portfolio. Equity investments held are for strategic/long term rather than for trading purposes and hence, the Company does not hold trading positions in equity investments. However, Company's portfolio is marked to market on regular basis and the difference in the book value and market value are adjusted against revaluation reserve in shareholder's equity and for impaired investments to statement of comprehensive income.

Further, the Company also conducts stress testing and sensitivity analysis to take an informed decision on equity risk exposure.

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Company is exposed to market risk with respect to its investments. The Company limits equity price risk by maintaining a diversified portfolio and by continuous monitoring of the market. In addition, the Company monitors actively the key factors that effect stock market movements.

All of the Company's investments at the reporting date are within the Sultanate of Oman.

If equity price for listed shares had been 5% lower the value of the portfolio would decrease by RO 232,606 only. (2013: Decrease by RO 256,825).



31. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stake holders. The management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Capital requirements are prescribed by the Commercial Companies Law of 1974, as amended.

32. Insurance risk

The risk under insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims and subsequent development of long term claims.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements.

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims payments may exceed the carrying amount of the insurance liabilities. This could occur because the frequency or volumes of claims are greater than estimated.

The Company's objectives in managing risks are: to take a prudent approach to underwriting, which means review of all aspects about a risk prior to acceptance; retaining experienced and knowledgeable staff; and having appropriate authority levels in place. The Company ensures that risks are mitigated with first class reinsurance security and claims history reviews.

The Company only accepts insurance risk from exporters producing within the Sultanate of Oman. The Company's net account in terms of aggregate risk retention is well protected with event limits per customers.

The underwriting manages and controls the risk on the buyers. The Company's credit limit decisions are based on the careful assessment of the risks as per the contents of credit information reports received by the Company which include financial position, payment record, credit rating as well as commercial morality and trading experience.

The Company ensures that risks are mitigated with reinsurance security provided by renowned reinsurers.

The following table highlights the concentration of risk in various sectors and indicates that the Company has reasonable distribution of customers by segment:

Sector	**2014**	2013
	%	%
Consumer products	**32.1**	32.9
Construction	**11.9**	11.7
Fisheries	**13.3**	13.1
Garments	**5.0**	4.7
Agriculture	**2.3**	2.3
Other varied industrial products	**35.4**	35.2

The Company also has a reasonable geographical distribution of exporters' customers covering 108 countries (2013: 108 countries).

Reinsurance risk refers to the risk an enterprise will encounter in the event that any reinsurer fails to meet its obligations assumed under the reinsurance agreement. The Company is supported by reinsurers who were selected based on the professional reinsurance broker's recommendations and the careful evaluation of available information on the financial strengths of the reinsurers. The assessment of reinsurers is carried out annually by management. The Company is not exposed to any material concentration of reinsurance risk.

33. Fair value

The management believes that the carrying amount of financial assets and liabilities approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	RO	RO	RO	RO
31 December 2014				
Quoted equities	**4,652,114**	**-**	**-**	**4,652,114**
Quoted bonds	**52,870**	**-**	**-**	**52,870**
	4,704,984	**-**	**-**	**4,704,984**
31 December 2013				
Quoted equities	5,136,488	-	-	5,136,488
Quoted bonds	48,637	-	-	48,637
	5,185,125	-	-	5,185,125

There were no transfers between the Levels during the year.

34. Comparative figures

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation.