

DIRECTORS' REPORT

For six month period ended 30 June 2022

Dear Shareholders,

On behalf of the Board of Directors of National Life & General Insurance Co SAOG (“the Company” or “NLGIC”), it’s my pleasure to present to you the unaudited results of the group for the six month period ended 30 June 2022.

Update on RSA Middle East Transaction

Further to the signing of a Sale and Purchase Agreement and a Share Swap Agreement in April 2022, National Life & General Insurance Co. SAOG (NLGIC) on 7th July 2022 completed the purchase of 50.00002% shareholding in RSA Middle East B.S.C.(c) (‘RSA Middle East’) from Sun Alliance Insurance Overseas LTD (SAIO).

The remaining shares in RSA Middle East, owned by reputed Saudi shareholders, was exchanged with NLGIC shares making Saudi shareholders combined the majority shareholders of NLGIC after OMINVEST. As a result, RSA Middle East will be wholly owned subsidiary of NLGIC.

RSA Middle East is a leading provider of property and casualty insurance in the Middle East. It offers solutions for both commercial and retail clients, across a range of product lines, including motor, property, medical, SME as well as tailored solutions for large corporates. It has operated in the region for over 60 years, bringing best-in-class international solutions and expertise to the Middle East. RSA Middle East has operations in the Sultanate of Oman, Kingdom of Saudi Arabia, United Arab Emirates, and the Kingdom of Bahrain. It operates as local publicly listed companies under Al Ahlia Insurance Company in Oman, and Al Alamiya for Cooperative Insurance Company in Saudi Arabia.

The successful completion of this transaction will result in NLGIC and RSA Middle East forming a robust entity that will help us expand our portfolio and position ourselves as a leading multi-line insurer in the area, poised for future growth.

The transaction will not only help the company expand its customer reach in the region but will also bring together potential synergies between both companies in terms of

resources and technologies to provide a wider range of insurance products and services to both individual and corporate customers, thus creating a well-diversified insurance player in the region.

On behalf of the Board of NLGIC, I would like to express the Company's sincere gratitude to the reputable regulators in the Sultanate of Oman, Kingdom of Saudi Arabia, United Arab Emirates and Kingdom of Bahrain for their exceptional support and understanding of the important positive potential of this transaction to the insurance landscape and market dynamics in the region.

Effective 7th July 2022, the company will commence consolidating results of RSA Middle East.

Performance Highlights for the six months period ended 30 June 2022:

Gross Written Premiums (GWP) and Net Underwriting Results (NUR):

GWP grew by 11% to RO 94.6 million in the period ended 30 June 2022 as compared to RO 85.4 million in the corresponding period of the previous year. Significant increase in Medical business operations in Oman and Overseas were the key contributors to growth in GWP during the first half.

The NUR of RO 9.2 million for the six months period ended 30 June 2022 was marginally higher than the NUR of RO 9.1 million in the corresponding period of the previous year, due to increase in NUR of UAE Medical business which was largely offset by a decrease in Oman Medical business and Oman Motor business.

Investment Income

The company's investment income decreased by 34% to RO 2.6 million as compared to RO 3.4 million in the corresponding period of the previous year, which was mainly due to the one-time gain on sale of bonds of RO 0.8 million that the company had benefited from in corresponding period of the previous year.

Net Profit After Tax

The Company achieved a profit of RO 3.1 million during the six-month period ended 30 June 2022 (RO 4.9 million in corresponding period of 2021), in spite of challenges faced by reduced profitability in motor insurance and due to the absence of one-time gains on

sale of bonds. The major reason for the reduced profitability in motor insurance was an increase in the motor claims as well as unhealthy competition in the pricing for motor insurance premiums by the market. The Company expects the pressure on motor profitability to reduce in the near future.

Recent Awards

I am pleased to highlight some of the major developments and recognitions of NLGIC during the six-months ended 30 June 2022.


- Oman's Most Trusted Brand 2021 award in Insurance category.
- AIWA "Top Omani Brand 2022" Insurance category.
- NLGIC won the Excellence in Insurance awards in the OER Oman Banking and Finance Summit 2022.
- Retained the #1 status in Motor and Health insurance in Oman based on 2021 GWP.

Seven of our employees underwent Tamkeen Training Program conducted jointly by CMA and College of Banking and Finance.

Acknowledgements

We take this opportunity to express our sincere gratitude to His Majesty Sultan Haitham bin Tarik for his dynamic and progressive leadership. Under His Majesty's visionary leadership, we pray for the steady growth, stability, and enduring prosperity of our great country.

I would like to thank our esteemed shareholders, partners and regulators for their continued support and trust. I would also like to thank the management team and all our employees for their performance, hard work and commitment.


Khalid Muhammad AlZubair
Chairman

**NATIONAL LIFE AND GENERAL INSURANCE
COMPANY SAOG AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30th JUNE 2022**

Principal place of business:

Building No: 115, Plot No: 133
Block No: 146, Way No: 4202
Greater Muttrah, Muscat
Sultanate of Oman.

Registered address:

P.O. Box 798
Postal Code 117
Wadi Kabir
Sultanate of Oman

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30th JUNE 2022**

Contents	Pages
Unaudited interim condensed consolidated statement of financial position	1
Unaudited interim condensed consolidated statement of comprehensive income	2
Unaudited interim condensed consolidated statement of changes in equity	3
Unaudited interim condensed consolidated statement of cash flows	4
Notes to the unaudited interim condensed consolidated financial statements	5-22

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30th June 2022

	Notes	30 June 2022 RO (Unaudited)	31 December 2021 RO (Audited)	30 June 2021 RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	14,800,305	14,431,408	8,470,750
Bank deposits	5	47,289,523	47,393,330	46,894,969
Investments at fair value through profit or loss	6(a)	1,020,213	1,363,031	295,619
Investments carried at amortised cost	6(b)	11,188,659	11,197,834	11,210,534
Investments carried at fair value through other comprehensive income	6(c)	35,513,019	38,110,950	32,275,549
Insurance and reinsurance receivables	7	67,358,722	49,382,592	59,794,894
Reinsurance share of outstanding claims and IBNR reserve	12	7,343,484	6,284,674	7,200,682
Reinsurance share of actuarial/ mathematical and unexpired risk reserve	13	11,519,055	11,230,415	12,211,075
Other receivables and prepayments	8	15,523,614	8,623,931	14,103,491
Loans to policyholders		65,207	70,204	90,247
Property and equipment		6,526,897	6,619,588	6,735,287
Deferred tax asset	19	542,133	259,592	242,217
Intangible Assets (including Goodwill)		437,253	449,051	460,849
Total assets		219,128,084	195,416,600	199,986,163
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		8,833,333	8,833,333	8,746,761
Contingency reserve		16,786,516	15,147,024	14,116,673
Revaluation reserve		352,345	352,345	447,420
Fair value reserve		(1,113,117)	259,524	503,274
Foreign exchange fluctuation reserve		(30,535)	(21,976)	(26,227)
Retained earnings		17,030,697	15,357,050	12,947,810
Total equity		68,359,239	66,427,300	63,235,711
LIABILITIES				
Gross outstanding claims and IBNR reserve	12	40,825,467	28,717,762	39,030,218
Gross actuarial / mathematical and unexpired risk reserve	13	73,056,241	57,250,770	67,138,692
Due to reinsurers	14	10,374,265	8,277,998	10,319,744
Other liabilities	15	17,112,483	25,969,292	16,928,769
Short term loan		8,800,000	7,500,000	2,499,734
Income tax payable	19	600,389	1,273,478	833,295
Total liabilities		150,768,845	128,989,300	136,750,452
Total equity and liabilities		219,128,084	195,416,600	199,986,163
Net assets per share	17	0.258	0.251	0.239

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 24 July 2022 and were signed on their behalf by


Chairman


Chief Executive Officer

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2022

	Notes	30 June 2022 RO (Unaudited)	30 June 2021 RO (Unaudited)
Gross written premium		94,572,440	85,394,600
Gross premium, earned		78,766,968	69,797,421
Reinsurance share of ceded premium earned		(12,526,810)	(12,056,101)
Net premium earned		66,240,158	57,741,320
Commission income		1,671,305	1,553,254
Income from policy fees		676,812	695,115
Gross claims expense	12	(62,772,596)	(56,223,208)
Reinsurance share of gross claims expense	12	10,095,284	11,765,887
Commission expense		(6,666,627)	(6,434,933)
Net underwriting result		9,244,336	9,097,435
Investment income – net	18	2,196,330	3,372,465
Expected credit losses on financial assets		(10,189)	15,306
Other operating (expense) / income		33,768	(22,863)
Third party administration fees		(635,283)	(539,221)
General and administrative expenses		(7,044,200)	(6,216,841)
Finance cost		(102,422)	(55,426)
Amortisation of Intangible Assets		(11,798)	(11,798)
Profit before income tax		3,670,542	5,639,057
Income tax expense	19	(533,452)	(788,618)
Profit for the period		3,137,090	4,850,439
Other comprehensive income / (expense)			
<i>(Items that are or may be reclassified subsequently to profit or loss):</i>			
Exchange differences on translation of foreign operations		(8,559)	(2,517)
Change in value of debt investments carried at fair value through other comprehensive income– net		(1,357,432)	(557,260)
<i>(Items that will not be reclassified to profit or loss):</i>			
Change in value of investments carried at fair value through other comprehensive income– net		160,839	799,589
Other comprehensive income / (expense) for the period		(1,205,152)	239,812
Total comprehensive income for the period		1,931,938	5,090,251
Earnings per share - basic and diluted	20	0.012	0.018

Items in the unaudited interim condensed consolidated statement of other comprehensive income above are disclosed net of tax.

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022

	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Foreign exchange fluctuation reserve RO	Retained earnings RO	Total equity RO
At 1 January 2021	26,500,000	8,261,717	12,970,009	447,420	438,638	(23,710)	18,826,386	67,420,460
Profit for the period	-	-	-	-	-	-	4,850,439	4,850,439
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	242,329	-	-	242,329
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(2,517)	-	(2,517)
Total comprehensive income for the period	-	-	-	-	242,329	(2,517)	4,850,439	5,090,251
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(177,693)	-	177,693	-
Dividends declared and paid (Note 11)	-	-	-	-	-	-	(9,275,000)	(9,275,000)
Transfer to legal reserve	-	485,044	-	-	-	-	(485,044)	-
Transfer to contingency reserve	-	-	1,146,664	-	-	-	(1,146,664)	-
At 30 June 2021 (Unaudited)	<u>26,500,000</u>	<u>8,746,761</u>	<u>14,116,673</u>	<u>447,420</u>	<u>503,274</u>	<u>(26,227)</u>	<u>12,947,810</u>	<u>63,235,711</u>
At 1 January 2022	26,500,000	8,833,333	15,147,024	352,345	259,524	(21,976)	15,357,050	66,427,300
Profit for the period	-	-	-	-	-	-	3,137,090	3,137,090
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(1,196,592)	-	-	(1,196,592)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(8,559)	-	(8,559)
Total comprehensive income for the period	-	-	-	-	(1,196,592)	(8,559)	3,137,090	1,931,939
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(176,049)	-	176,049	-
Transfer to contingency reserve	-	-	1,639,492	-	-	-	(1,639,492)	-
At 30 June 2022 (Unaudited)	<u>26,500,000</u>	<u>8,833,333</u>	<u>16,786,516</u>	<u>352,345</u>	<u>(1,113,117)</u>	<u>(30,535)</u>	<u>17,030,697</u>	<u>68,359,239</u>

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

		30 June 2022	30 June 2021
	Notes	RO (Unaudited)	RO (Unaudited)
Cash flows from operating activities			
Profit before taxation		3,670,542	5,639,057
Adjustments for:			
Unrealised loss on investments at FVTPL (net)	18	298,531	-
Realised gain on investments at FVTPL, FVOCI, Amortised cost – net	18	17,934	(826,263)
Provision for / (reversal of) expected credit loss of financial assets		10,189	(15,306)
Allowance for impaired debts		251,466	261,570
Provision for employees' end of service benefits		169,114	133,710
Interest income net of amortization	18	(2,344,824)	(2,300,927)
Finance cost		102,422	55,426
Dividend income	18	(193,831)	(271,217)
Depreciation		480,418	465,743
Amortisation of Intangible Assets		11,798	11,798
Loss / (profit) on disposal of property and equipment		-	(4,808)
Operating cash flows before movement in working capital		2,473,759	3,148,783
Changes in:			
Insurance and reinsurance receivables		(18,227,596)	(16,900,614)
Other receivables and prepayments		(6,941,826)	(8,379,105)
Reinsurance share of outstanding claims and IBNR reserve		(1,058,810)	(1,333,523)
Reinsurance share of actuarial / mathematical and unexpired risk reserve		(288,640)	(1,903,160)
Gross outstanding claims and IBNR reserve		12,107,705	15,859,142
Gross actuarial / mathematical and unexpired risk reserve		15,805,471	15,597,179
Due to reinsurers		2,096,267	2,231,715
Other liabilities		(8,736,268)	(6,232,823)
		(2,769,938)	2,087,594
Employees' end of service benefits paid		(89,662)	(8,240)
Income tax paid		(1,244,757)	(2,557,100)
Net cash used in operating activities		(4,104,357)	(477,746)
Cash flows from investing activities			
Movement in bank deposits		106,862	(5,309,178)
Purchase of property and equipment		(387,727)	(257,405)
Purchase of investment securities		(913,090)	(2,721,959)
Proceeds from disposal of investment securities		1,777,046	11,470,911
Proceeds from disposal of property and equipment		-	4,888
Interest income received from bank deposits, bonds and securities		2,513,574	2,064,179
Dividends received		184,168	271,217
Net movement in loans to policyholders		4,997	23,627
Net cash from investing activities		3,285,830	5,546,280
Cash flows from financing activities			
Finance cost paid		(102,422)	(55,426)
Dividend paid		-	(9,275,000)
(Repayment of) / proceeds from short term loan		1,300,000	2,499,734
Net cash from / (used in) financing activities		1,197,578	(6,830,692)
Net (decrease) / increase in cash and cash equivalents		379,051	(1,762,158)
Currency translation adjustment		(8,559)	(2,517)
Cash and cash equivalents at the beginning of the period	4	14,469,199	10,267,621
Cash and cash equivalents at the end of the period	4	14,839,691	8,502,946

The attached notes 1 to 25 form part of these unaudited interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 June 2022

1 Legal status and principal activities

National Life and General Insurance Company SAOG (the Company or the Parent Company) is a public joint stock company incorporated in the Sultanate of Oman in 1995 and is engaged in the business of life and general insurance within the Sultanate of Oman, United Arab Emirates (UAE) and Kuwait. It commenced its operations with life and health business in Oman and diversified into general insurance business after obtaining general insurance license in 2006. The Group has expanded its operations in UAE with a branch in Dubai to transact life insurance business as per the license dated 13 May 2007 issued by United Arab Emirates Insurance Authority. During 2014, the Parent Company obtained a license dated 8 May 2014 to have a branch in Abu Dhabi issued by United Arab Emirates Insurance Authority and commenced operations in Abu Dhabi during 2015. During October 2017, the Group has obtained license for branch operations in Kuwait and the branch has commenced insurance operations during the first quarter of 2018.

The Parent Company is a subsidiary of Oman International Development and Investment Company SAOG (OMINVEST), a public joint stock company incorporated in the Sultanate of Oman.

2 Basis of preparation and accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' using the same accounting policies, basis of consolidation and methods of computations as those used in the consolidated financial statements for the year ended 31 December 2021. The interim condensed consolidated financial statements do not contain all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the annual financial statements as at 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the six month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The comparative information, included in these unaudited interim condensed consolidated financial statements as at 30 June 2021, are for the six month period then ended and is unaudited.

The Parent Company has two fully owned subsidiaries "NLGIC Support Services Private Limited" in India and "Inayah TPA LLC" in UAE due to which consolidated financial statements comprise of the Parent Company and its subsidiaries (together referred to as the Group).

2.2 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations effective after 1 January 2021 and relevant for the company's operations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

The Group has adopted standard, interpretation or amendment that has been issued and is effective as at 01 January 2021. Although these amendments apply for the first time in 2021, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

(b) Standards, amendments or interpretations to existing standards which are relevant for the group but are not yet effective and have not been early adopted by the group.

Certain new standards, amendments to standards and interpretations are not yet effective for the six months ended 30 June 2022, with the Group not opting for early adoption. These have, therefore, not been applied in preparing these unaudited interim condensed consolidated financial statements. Details of these standards should be read in conjunction with the annual financial statements as at 31 December 2021.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
3 Critical accounting judgment and key sources of estimation uncertainty

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and estimates which should be read in conjunction with the annual financial statements as at 31 December 2021.

4 Cash and cash equivalents

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Balances with banks	14,711,554	14,448,802	8,475,297
Cash in hand	128,137	20,397	27,649
Cash and cash equivalents	14,839,691	14,469,199	8,502,946
Less: ECL on cash and bank balances	(39,386)	(37,791)	(32,196)
Cash and cash equivalents – net of ECL	14,800,305	14,431,408	8,470,750

5 Bank deposits

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Deposits	47,393,274	47,500,135	46,987,309
Less: ECL on bank deposits	(103,751)	(106,805)	(92,340)
	47,289,523	47,393,330	46,894,969

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022

6 Investment securities

		30 June 2022	31 December 2021	30 June 2021
		RO	RO	RO
		(Unaudited)	(Audited)	(Unaudited)
Investments at fair value through profit or loss	6(a)	1,020,213	1,363,031	295,619
Investments carried at amortised cost	6(b)	11,188,659	11,197,834	11,210,534
Investment carried at fair value through other comprehensive income	6(c)	35,513,019	38,110,950	32,275,549
		<u>47,721,891</u>	<u>50,671,815</u>	<u>43,781,702</u>

6 (a) Investments at fair value through profit or loss

	30 June 2022		31 December 2021		30 June 2021	
	Market value	Cost	Market value	Cost	Market value	Cost
	RO	RO	RO	RO	RO	RO
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Quoted foreign						
Foreign Shares	1,020,213	1,244,807	1,363,031	1,273,695	295,619	149,319
and Funds	<u>1,020,213</u>	<u>1,244,807</u>	<u>1,363,031</u>	<u>1,273,695</u>	<u>295,619</u>	<u>149,319</u>

(i) Movement in investments at fair value through profit or loss:

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 1 January	1,363,031	-	-
Additions during the period / year	43,554	1,273,695	297,814
Matured / sold during the period /year	(69,907)	-	-
Fair value changes (note 18)	(316,465)	89,336	(2,195)
At 30 June / 31 December	<u>1,020,213</u>	<u>1,363,031</u>	<u>295,619</u>

6 (b) Investments carried at amortised cost

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Bonds - over one year from the date of inception	11,217,292	11,226,661	11,236,189
Less: ECL on Investments carried at amortised cost	(28,633)	(28,827)	(25,655)
	<u>11,188,659</u>	<u>11,197,834</u>	<u>11,210,534</u>
Annual interest rates	4% to 6.75%	4% to 6.75%	4% to 6.75%

(i) Movement in investments carried at amortised cost:

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 1 January	11,197,834	14,204,940	14,204,940
Matured / sold during the period /year	-	(3,330,248)	(3,330,248)
Amortisation during the year	(9,369)	(11,176)	(1,648)
Realised gain on disposal	-	329,116	329,116
Movement in Expected credit losses	194	5,202	8,374
At 30 June / 31 December	<u>11,188,659</u>	<u>11,197,834</u>	<u>11,210,534</u>

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
6 Investment securities (continued)
6 (c) Investments carried at fair value through other comprehensive income (FVOCI)

	30 June 2022		31 December 2021		30 June 2021	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Unaudited)	Cost RO (Unaudited)
Local						
Quoted	27,345,012	28,852,898	29,895,152	29,872,971	24,539,672	24,098,661
	<u>27,345,012</u>	<u>28,852,898</u>	<u>29,895,152</u>	<u>29,872,971</u>	<u>24,539,672</u>	<u>24,098,661</u>
Foreign						
Unquoted	81,382	722,179	81,382	722,179	119,579	853,449
Quoted	8,086,625	7,254,483	8,134,416	7,209,040	7,616,298	6,822,874
	<u>8,168,007</u>	<u>7,976,662</u>	<u>8,215,798</u>	<u>7,931,219</u>	<u>7,735,877</u>	<u>7,676,323</u>
Local and Foreign	<u>35,513,019</u>	<u>36,829,560</u>	<u>38,110,950</u>	<u>37,804,190</u>	<u>32,275,549</u>	<u>31,774,984</u>

(i) Movement in investments carried at fair value through other comprehensive income:

	30 June 2022 RO (Unaudited)	31 December 2021 RO (Audited)	30 June 2021 RO (Unaudited)
At 1 January	38,110,950	37,034,234	37,034,234
Additions during the period / year	692,319	11,986,973	2,424,145
Disposals during the period / year	(1,813,308)	(12,375,573)	(7,954,433)
Realised gain on disposal (note 18)	-	499,342	499,342
Fair value change	(1,476,942)	965,974	272,261
At 30 June / 31 December	<u>35,513,019</u>	<u>38,110,950</u>	<u>32,275,549</u>

Fair Value changes above are disclosed net of tax in the other comprehensive income as Change in value of debt investments carried at FVOCI - loss of RO 1,357,432 (31 December 2021 - loss of RO 397,351 and 30 June 2021 - loss of RO 557,260) and Change in value of investments carried at FVOCI – gain of RO 160,839 (31 December 2021 - gain of RO 1,307,552 and 30 June 2021 – gain of RO 799,589). In accordance with IFRS 9, upon disposal of debt investments carried at FVOCI, the resulting realized gain or loss since inception will be reclassified to profit or loss whereas upon disposal of investments carried at FVOCI the resulting realized gain or loss since inception will not be reclassified to profit or loss and will be transferred to retained earnings.

6 (c) Investment in subsidiaries

	Country	Holding %	30 June 2022	31 December 2021	30 June 2021
			Carrying value RO	Carrying value RO	Carrying value RO
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00	374,516	328,206	302,722
Inayah TPA LLC	UAE	100.00	639,091	621,553	605,181
			<u>1,013,607</u>	<u>949,759</u>	<u>907,903</u>

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
7 Insurance and reinsurance receivables

	30 June 2022			31 December 2021			30 June 2021		
	Life RO (Unaudited)	General RO (Unaudited)	Total RO (Unaudited)	Life RO (Audited)	General RO (Audited)	Total RO (Audited)	Life RO (Unaudited)	General RO (Unaudited)	Total RO (Unaudited)
Insurance receivables	63,267,558	4,662,548	67,930,106	44,809,079	4,547,647	49,356,726	53,654,868	4,229,460	57,884,328
Reinsurance balances receivables	1,534,721	684,861	2,219,582	1,713,537	871,234	2,584,771	3,828,399	418,452	4,246,851
	64,802,279	5,347,409	70,149,688	46,522,616	5,418,881	51,941,497	57,483,267	4,647,912	62,131,179
Allowance for expected credit losses	(1,901,097)	(889,869)	(2,790,966)	(1,728,178)	(830,727)	(2,558,905)	(1,485,443)	(850,842)	(2,336,285)
	62,901,182	4,457,540	67,358,722	44,794,438	4,588,154	49,382,592	55,997,824	3,797,070	59,794,894
Movement in allowance for expected credit losses:									
At 1 January	1,728,178	830,727	2,558,905	1,368,477	850,327	2,218,804	1,368,477	850,327	2,218,804
Provided during the period / year	180,618	70,848	251,466	458,268	25,922	484,190	215,533	46,037	261,570
Written off during the period / year	(7,994)	(15,803)	(23,797)	(98,567)	(45,522)	(144,089)	(98,567)	(45,522)	(144,089)
At 30 June / 31 December	1,900,802	885,772	2,786,574	1,728,178	830,727	2,558,905	1,485,443	850,842	2,336,285

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 June 2022

8 Other receivables and prepayments

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Receivable from other insurance companies and individuals	2,657,576	2,513,645	2,031,349
Receivable from medical providers	4,477,018	-	5,975,341
Other receivables	7,158,513	4,744,571	4,692,556
Accrued interest	1,643,209	1,772,906	1,760,686
	15,936,316	9,031,122	14,459,932
Provision for doubtful debts	(389,195)	(389,195)	(349,513)
Expected credit losses of other receivables	(23,507)	(17,996)	(6,928)
	15,523,614	8,623,931	14,103,491

9 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the statement of financial position at a total value of RO 52,813,311 (31 December 2021 - RO 52,921,238 and 30 June 2021 - RO 47,427,675). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority. The Group has provided bank guarantee of RO 50,000 (2021: RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, and Kuwait the Group has identified to the Insurance Authority, Abu Dhabi - UAE and The Ministry of Commerce and Industry, Kuwait certain specific fixed deposits included in the statement of financial position at a total value of RO 1,018,472 (31 December 2021 - RO 1,014,663 and 30 June 2021 - RO 1,007,975) and RO 3,216,850 (31 December 2021 - RO 3,216,850 and 30 June 2021 - 2,456,829) respectively. Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the respective authorities.

The Group has credit facility of RO 5,000,000 (31 December 2021 - RO 5,000,000 and 30 June 2021 - RO 5,000,000) with Ahli Bank SAOG for which the Group has provided negative pledge confirmation over its current assets and an undertaking not to create any encumbrance on its assets to any other lenders. In UAE, the Group has nil credit facility (31 December 2021 - RO 3,256,860 and 30 June 2021 - 3,689,000) with local bank which are secured by way of 110% of amount held under fixed deposit with the bank.

10 Share capital

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
At 30 June / 31 December	26,500,000	26,500,000	26,500,000
Number of shares	265,000,000	265,000,000	265,000,000

11 Dividends paid

Shareholders in annual general meeting dated 30 Mar 2022 (2021 - annual general meeting dated 28 Mar 2021) approved nil cash dividend (31 December 2021 – cash dividend of RO 9,275,000 which has been paid).

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12 Claims

Life and general	30 June 2022			31 December 2021			30 June 2021		
	Gross outstanding claims RO (Unaudited)	Reinsurers' share of outstanding claims RO (Unaudited)	Net outstanding claims RO (Unaudited)	Gross outstanding claims RO (Audited)	Reinsurers' share of outstanding claims RO (Audited)	Net outstanding claims RO (Audited)	Gross outstanding claims RO (Unaudited)	Reinsurers' share of outstanding claims RO (Unaudited)	Net outstanding claims RO (Unaudited)
At 1 January									
- Claims incurred	19,707,578	(4,192,891)	15,514,687	15,798,077	(4,119,131)	11,678,946	15,798,077	(4,119,131)	11,678,946
- Incurred but not reported	9,010,184	(2,091,783)	6,918,401	7,372,999	(1,748,027)	5,624,972	7,372,999	(1,748,027)	5,624,972
	<u>28,717,762</u>	<u>(6,284,674)</u>	<u>22,433,088</u>	23,171,076	(5,867,158)	17,303,918	23,171,076	(5,867,158)	17,303,918
Add: Claims provided during the period / year	62,772,596	(10,095,284)	52,677,312	116,929,034	(24,312,425)	92,616,609	56,223,208	(11,765,887)	44,457,321
Less: Claims paid during the period / year	(50,664,891)	9,036,474	(41,628,417)	(111,382,348)	23,894,909	(87,487,439)	(40,364,066)	10,432,363	(29,931,703)
At 30 June / 31 December	<u>40,825,467</u>	<u>(7,343,484)</u>	<u>33,481,983</u>	<u>28,717,762</u>	<u>(6,284,674)</u>	<u>22,433,088</u>	<u>39,030,218</u>	<u>(7,200,682)</u>	<u>31,829,536</u>
Analysis of outstanding claims at 30 June / 31 December									
- Claims incurred	32,191,980	(5,287,837)	26,904,143	19,707,578	(4,192,891)	15,514,687	30,604,673	(5,398,771)	25,205,902
- Incurred but not reported	8,633,487	(2,055,647)	6,577,840	9,010,184	(2,091,783)	6,918,401	8,425,545	(1,801,911)	6,623,634
	<u>40,825,467</u>	<u>(7,343,484)</u>	<u>33,481,983</u>	<u>28,717,762</u>	<u>(6,284,674)</u>	<u>22,433,088</u>	<u>39,030,218</u>	<u>(7,200,682)</u>	<u>31,829,536</u>

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Group estimates its insurance liabilities and reinsurance assets principally based on previous experience. Incurred but not reported (IBNR) estimates for the medical and life business are based on an independent actuary's report. Claims requiring Court or arbitration decisions are estimated individually.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
13 Gross actuarial / mathematical and unexpired risk reserve

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	73,056,241	49,472,746	59,422,788
Reinsurers' share	(11,519,055)	(10,983,411)	(11,954,987)
	<u>61,537,186</u>	<u>38,489,335</u>	<u>47,467,801</u>
Unexpired risk reserve – general insurance			
Gross	7,500,016	7,778,024	7,715,904
Reinsurers' share	(273,708)	(247,004)	(256,088)
	<u>7,226,308</u>	<u>7,531,020</u>	<u>7,459,816</u>
Actuarial / mathematical and unexpired risk reserve – total			
Gross	65,556,225	57,250,770	67,138,692
Reinsurers' share	(11,245,347)	(11,230,415)	(12,211,075)
	<u>54,310,878</u>	<u>46,020,355</u>	<u>54,927,617</u>

Movement during the period / year:

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	38,489,335	33,234,577	33,234,577
Net movement in the statement of comprehensive income	15,821,543	5,254,758	14,233,224
At 30 June / 31 December	<u>54,310,878</u>	<u>38,489,335</u>	<u>47,467,801</u>
Unexpired risk reserve – general insurance			
At 1 January	7,531,020	7,999,021	7,999,021
Net movement in the statement of comprehensive income	(304,712)	(468,001)	(539,205)
At 30 June / 31 December	<u>7,226,308</u>	<u>7,531,020</u>	<u>7,459,816</u>

14 Due to reinsurers

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Reinsurance balances payable – life insurance	9,080,571	7,042,631	9,035,832
Reinsurance balances payable – general insurance	1,293,694	1,235,367	1,283,912
	<u>10,374,265</u>	<u>8,277,998</u>	<u>10,319,744</u>

15 Other liabilities

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Accounts payable	991,576	8,801,255	631,117
Commission Payable	6,813,301	6,429,312	5,692,573
Accrued expenses	3,184,866	4,143,290	3,669,791
Other payables	5,028,202	5,580,349	5,951,402
Employees' end of service benefits	1,094,538	1,015,086	983,886
	<u>17,112,483</u>	<u>25,969,292</u>	<u>16,928,769</u>

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
16 Contingent liabilities
(a) Contingencies

At 30 June 2022, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 373,520 (31 December 2021 - RO 293,273 and 30 June 2021 – RO 224,718) given in the normal course of business from which it is anticipated that no material liabilities will arise.

At 30 June 2022, there was bank guarantee amounting USD 139,769,000 issued by Oman Arab Bank with respect to Royal & Sun Alliance Insurance (Middle East) BSC (RSA ME) (transaction) which has been subsequently cancelled post completion and payment of purchase consideration.

(b) Legal claims

The Group, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its income or financial position.

17 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to equity holders of the Parent Company at the reporting date by the number of shares outstanding at the reporting date as follows:

	30 June 2022	31 December 2021	30 June 2021
	RO	RO	RO
	(Unaudited)	(Audited)	(Unaudited)
Net assets (RO)	68,359,239	66,427,300	63,235,711
Number of shares outstanding at 30 June / 31 December	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.258	0.251	0.239

18 Investment income – net

	30 June 2022	30 June 2021
	RO	RO
	(Unaudited)	(Unaudited)
Interest income on bank deposits and other investments	985,173	967,366
Interest income on bonds, net of amortisation charge	1,355,820	1,328,038
Interest income on loans to policy holders	3,831	5,523
Dividend income	193,831	271,217
Net unrealised (loss) / gain on investments carried at fair value through profit or loss	(298,531)	(2,195)
Net realised gains/(Loss) on disposal of investments carried at fair value through profit or loss	(17,934)	-
Net realised gain on investment carried at FVOCI – debt instruments	-	499,342
Net realised gain on investment carried at amortised cost	-	329,116
	2,222,190	3,398,407
Investment acquisition cost and portfolio management fees	(25,860)	(25,942)
	2,196,330	3,372,465

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
19 Income tax

	30 June 2022	30 June 2021
	RO	RO
	(Unaudited)	(Unaudited)
Statement of comprehensive income:		
Current tax		
- For the year	580,327	831,307
- For prior years	-	(5,883)
Deferred tax	(46,875)	(36,806)
	533,452	788,618
	30 June 2022	31 December 2021
	RO	RO
	(Unaudited)	(Audited)
Current liability		30 June 2021
Income tax payable	600,389	RO
	600,389	(Unaudited)
	600,389	1,273,478
	600,389	833,295
Non-current asset		
Deferred tax asset	542,133	259,592
	542,133	242,217

The tax rate applicable to the Parent Company is 15% (30 June 2021 – 15%).

20 Earnings per share – basic and diluted

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the six months ended as follows:

	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
Profit for the six months ended (RO)	3,137,090	4,850,439
Weighted average number of shares outstanding @ RO 0.100 per share	265,000,000	265,000,000
Basic and diluted earnings per share (RO)	0.012	0.018

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
21 Related party transactions

(a) Transactions with related parties of the Parent Company or holders of 10% or more of the Parent Company's shares or their family members included in the statements of comprehensive income and statement of financial position are as follows:

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Top Senior Executives	Key management personnel of major shareholder	Other related parties
30 June 2022 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	1,355,458	146,050	-	822,701	-	-	386,706
Claims expense	1,266,315	32,368	-	1,003,975	-	-	229,972
Reinsurer's share of claims paid	-	-	-	-	-	-	-
Interest income on deposits	388,368	-	-	388,368	-	-	-
Bonds Interest & Dividend Income	255,640	166,081	-	89,559	-	-	-
Commission expense	230,304	-	-	82,844	-	-	147,460
Other expenses	344,325	-	-	278,575	-	-	65,750
Director sitting fees	15,077	-	14,259	-	818	-	-
Directors' remuneration	75,000	-	75,000	-	-	-	-
Other Transactions							
Short Term Loan repayment	800,000	-	-	800,000	-	-	-
Maturity of Bonds	1,000,000	-	-	1,000,000	-	-	-
Investment in Deposits	2,307,500	-	-	2,307,500	-	-	-
Maturity/ Liquidation of Deposit	2,305,000	-	-	2,305,000	-	-	-
Increase in bank balances	287,377	-	-	287,377	-	-	-
Decrease in bank balances	8,153	-	-	8,153	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	77,166	-	76,301	-	865	-	-
Claims payable to related parties	1,134,242	17,304	-	942,270	-	-	174,668
Commission payable	251,103	-	-	14,136	-	-	236,967
Payable to related parties	3,937,462	-	-	3,931,612	-	-	5,850
Loan Processing fees	550,801	-	-	550,801	-	-	-
Receivable from related parties	2,221	-	-	-	2,221	-	-
Bank balances	1,352,726	-	-	1,352,726	-	-	-
Fixed deposits balances	17,125,000	-	-	17,125,000	-	-	-
Premium receivable from related parties	813,655	146,050	-	343,536	-	-	324,068
Investment in Bonds	7,948,048	5,245,368	-	2,702,680	-	-	-
Reinsurance balance receivable	8,079	-	-	8,079	-	-	-
Accrued interest receivable	381,548	-	-	381,548	-	-	-

During January to June 2022, subsidiary in India (NSSPL) has charged the parent company service fees of RO 351,263. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 54,869. Carrying value of investment as on 30.06.2022 is RO 374,516 and due to NSSPL as at 30.06.2022 is RO 33,923.

During January to June 2022, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 368,319 and paid rental of RO 12,642. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 17,539. Carrying value of investment as on 30.06.2022 is RO 639,091, it's related intangibles are RO 296,662 and due to Inayah TPA LLC as at 30.06.2022 is RO 304,154.

At 30 June 2022, there was bank guarantee amounting USD 139,769,000 issued by Oman Arab Bank with respect to Royal & Sun Alliance Insurance (Middle East) BSC (RSA ME) (transaction) which has been subsequently cancelled post completion and payment of purchase consideration.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
21 Related party transactions (continued)

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Top Senior Executives	Key management personnel of major shareholder	Other related parties
30 June 2021 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	2,703,851	107,304	-	2,200,542	-	-	396,005
Claims expense	1,371,180	34,247	-	957,992	-	-	378,941
Reinsurer's share of claims paid	932	-	-	932	-	-	-
Interest income on deposits	360,553	-	-	360,553	-	-	-
Bonds Interest & Dividend Income	154,885	108,010	-	46,875	-	-	-
Commission expense	262,384	-	-	97,207	-	-	165,177
Other expenses	114,775	-	-	100,831	-	-	13,944
Director sitting fees	15,248	-	11,864	-	3,384	-	-
Directors' remuneration	64,300	-	64,300	-	-	-	-
Other Transactions							
Investment in Deposits	3,550,000	-	-	3,550,000	-	-	-
Maturity/ Liquidation of Deposit	1,000,000	-	-	1,000,000	-	-	-
Increase in bank balances	27,723	-	-	27,723	-	-	-
Decrease in bank balances	1,272,955	-	-	1,272,955	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	65,078	-	64,300	-	519	259	-
Claims payable to related parties	1,013,949	17,467	-	796,859	-	-	199,623
Commission payable	299,959	-	-	16,192	-	-	283,767
Payable to related parties	3,004	-	-	3,004	-	-	-
Receivable from related parties	627,493	-	-	607,238	20,255	-	-
Bank balances	489,792	-	-	489,792	-	-	-
Fixed deposits balances	15,725,000	-	-	15,725,000	-	-	-
Premium receivable from related parties	1,330,757	1,797	-	986,317	-	-	342,643
Investment in Bonds	4,045,000	2,795,000	-	1,250,000	-	-	-
Reinsurance balance receivable	14,224	-	-	14,224	-	-	-
Accrued interest receivable	395,769	-	-	395,769	-	-	-

During January to June 2021, subsidiary in India (NSSPL) has charged the parent company service fees of RO 312,362. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 34,852. Carrying value of investment as on 30.06.2021 is RO 302,722 and due to NSSPL as at 30.06.2021 is RO 42,857.

During January to June 2021, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 294,998 and paid rental to the parent company of RO 12,642. The Parent Company has accounted Inayah Share of profit from subsidiary of RO 14,047. Carrying value of investment as on 30.06.2021 is RO 605,181, it's related intangibles are RO 314,359 and due to Inayah TPA LLC as at 30.06.2021 is RO 177,889.

No major provision has been required during six months ended 30 June 2022 (30 June 2021 – nil) in respect of amounts due from related parties.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022

21 Related party transactions (continued)

(b) Compensation of key management personnel

The remuneration of members of key management during the year (salaries, incentives, fees, allowances and other statutory payments) was as follows:

	30 June 2022	30 June 2021
	RO	RO
	(Unaudited)	(Unaudited)
Short-term benefits	437,875	329,786
Employees' end of service benefits & leave salary accrual	104,248	48,650
	542,123	378,436
Number of key management personnel	9	8

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2022**
22 Segmental information
22.1 Primary reporting format - business segments

The Group's operating businesses are organised and managed separately according to the nature of the activities and services provided, with each segment representing a strategic business unit that offers different services.

The following table presents premium and profit information and asset and liability information regarding business segments for the six months ended 30 June 2022 and 30 June 2021.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

30 June 2022 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	85,401,095	9,171,345	-	94,572,440
Movement in unearned premiums	(16,083,479)	278,007	-	(15,805,472)
Gross premiums earned	69,317,616	9,449,352	-	78,766,968
Insurance premium ceded to reinsurers	(12,085,018)	(730,433)	-	(12,815,451)
Movement in unearned premiums	261,936	26,705	-	288,641
Premium ceded to reinsurers, earned	(11,823,082)	(703,728)	-	(12,526,810)
Net premiums	57,494,534	8,745,624	-	66,240,158
Claims	(54,005,795)	(8,766,801)	-	(62,772,596)
Reinsurers' share of claims	9,373,407	721,877	-	10,095,284
Net claims	(44,632,388)	(8,044,924)	-	(52,677,312)
Income from policy fees	54,780	622,032	-	676,812
Commission income on premium ceded to reinsurers	1,566,601	104,704	-	1,671,305
Commission expense	(5,418,996)	(1,247,631)	-	(6,666,627)
Net underwriting results	9,064,531	179,805	-	9,244,336
Investment income – net	1,474,292	794,446	(72,408)	2,196,330
ECL on financial assets	(10,991)	802	-	(10,189)
Other operating (loss) / income	47,156	(746)	(12,642)	33,768
Third party administration fees	(635,283)	-	-	(635,283)
General and administrative expenses	(5,435,342)	(1,621,500)	12,642	(7,044,200)
Finance cost	(102,422)	-	-	(102,422)
Amortisation of intangible assets	(11,798)	-	-	(11,798)
Income tax	(533,356)	(96)	-	(533,452)
Profit for the period	3,856,787	(647,289)	(72,408)	3,137,090

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2022**
22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

30 June 2021 (Unaudited)	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	76,091,584	9,303,016	-	85,394,600
Movement in unearned premiums	<u>(16,050,117)</u>	<u>452,938</u>	-	<u>(15,597,179)</u>
Gross premiums earned	<u>60,041,467</u>	<u>9,755,954</u>	-	<u>69,797,421</u>
Insurance premium ceded to reinsurers	(13,333,479)	(625,782)	-	(13,959,261)
Movement in unearned premiums	<u>1,816,893</u>	<u>86,267</u>	-	<u>1,903,160</u>
Premium ceded to reinsurers, earned	<u>(11,516,586)</u>	<u>(539,515)</u>	-	<u>(12,056,101)</u>
Net premiums	<u>48,524,881</u>	<u>9,216,439</u>	-	<u>57,741,320</u>
Claims	(49,840,015)	(6,383,193)	-	(56,223,208)
Reinsurers' share of claims	<u>11,584,393</u>	<u>181,494</u>	-	<u>11,765,887</u>
Net claims	<u>(38,255,622)</u>	<u>(6,201,699)</u>	-	<u>(44,457,321)</u>
Income from policy fees	54,020	641,095	-	695,115
Commission income on premium ceded to reinsurers	1,440,395	112,859	-	1,553,254
Commission expense	<u>(5,142,040)</u>	<u>(1,292,893)</u>	-	<u>(6,434,933)</u>
Net underwriting results	6,621,634	2,475,801	-	9,097,435
Investment income – net	2,643,806	777,558	(48,899)	3,372,465
ECL on financial assets	8,823	6,483	-	15,306
Other operating income	(12,526)	2,305	(12,642)	(22,863)
Third party administration fees	(539,221)	-	-	(539,221)
General and administrative expenses	(4,666,322)	(1,563,161)	12,642	(6,216,841)
Finance cost	(55,426)	-	-	(55,426)
Amortisation of intangible assets	(11,798)	-	-	(11,798)
Income tax	<u>(625,503)</u>	<u>(163,115)</u>	-	<u>(788,618)</u>
Profit for the period	<u>3,363,467</u>	<u>1,535,871</u>	<u>(48,899)</u>	<u>4,850,439</u>
	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
30 June 2022 (Unaudited)				
Segment assets	<u>174,789,685</u>	<u>45,690,082</u>	<u>(1,351,683)</u>	<u>219,128,084</u>
Segment liabilities	<u>124,971,140</u>	<u>26,135,782</u>	<u>(338,077)</u>	<u>150,768,845</u>
31 December 2021 (Audited)				
Segment assets	<u>152,680,345</u>	<u>44,001,315</u>	<u>(1,265,060)</u>	<u>195,416,600</u>
Segment liabilities	<u>103,992,510</u>	<u>25,312,091</u>	<u>(315,301)</u>	<u>128,989,300</u>
30 June 2021 (Unaudited)				
Segment assets	<u>160,568,369</u>	<u>40,546,443</u>	<u>(1,128,649)</u>	<u>199,986,163</u>
Segment liabilities	<u>115,175,203</u>	<u>21,795,995</u>	<u>(220,746)</u>	<u>136,750,452</u>

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2022**
22 Segmental information (continued)
22.2 Primary reporting format - geographic segments
Geographic Information

The Group has operations in three geographic locations in Middle East - Oman, UAE and Kuwait. The businesses are organised and managed separately, with each segment representing a strategic business unit.

The following table presents premium and profit information and asset and liability information regarding business segments for the six months ended 30 June 2022 and 30 June 2021.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 June 2022 (Unaudited)						
Gross premium written	44,088,239	47,706,197	2,778,004	-	-	94,572,440
Movement in unearned premiums	(10,241,751)	(5,676,416)	112,695	-	-	(15,805,472)
Gross premiums earned	33,846,488	42,029,781	2,890,699	-	-	78,766,968
Insurance premium ceded to reinsurers	(2,074,077)	(10,533,902)	(207,472)	-	-	(12,815,451)
Movement in unearned premiums	(101,370)	317,528	72,483	-	-	288,641
Premium ceded to reinsurers, earned	(2,175,447)	(10,216,374)	(134,989)	-	-	(12,526,810)
Net premiums	31,671,041	31,813,407	2,755,710	-	-	66,240,158
Claims	(27,392,124)	(32,914,946)	(2,465,526)	-	-	(62,772,596)
Reinsurers' share of claims	2,215,700	7,774,099	105,485	-	-	10,095,284
Net claims	(25,176,424)	(25,140,847)	(2,360,041)	-	-	(52,677,312)
Income from policy fees	609,179	55,250	12,383	-	-	676,812
Commission income on premium ceded to reinsurers	105,203	1,538,751	27,351	-	-	1,671,305
Commission expense	(2,283,544)	(3,961,011)	(422,072)	-	-	(6,666,627)
Net underwriting results	4,925,455	4,305,550	13,331	-	-	9,244,336
Investment income – net	2,048,739	450,565	(230,566)	-	(72,408)	2,196,330
ECL on financial assets	(8,507)	(976)	(706)	-	-	(10,189)
Other operating (loss) / income	4,763	41,290	357	-	(12,642)	33,768
Third party administration fees	(102,269)	(1,157,261)	(95,335)	719,582	-	(635,283)
General and administrative expenses	(4,289,589)	(1,789,178)	(336,189)	(641,886)	12,642	(7,044,200)
Finance cost	(102,422)	-	-	-	-	(102,422)
Amortisation of intangible assets	(11,798)	-	-	-	-	(11,798)
Income tax	(528,068)	-	(96)	(5,288)	-	(533,452)
Profit / (loss) for the period	1,936,304	1,849,990	(649,204)	72,408	(72,408)	3,137,090

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2022**

22 Segmental information (continued)

22.2 Primary reporting format - geographic segments (continued)

Geographic Information (continued)

	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 June 2021 (Unaudited)						
Gross premium written	44,763,839	38,860,479	1,770,282	-	-	85,394,600
Movement in unearned premiums	(11,720,308)	(3,938,158)	61,287	-	-	(15,597,179)
Gross premiums earned	33,043,531	34,922,321	1,831,569	-	-	69,797,421
Insurance premium ceded to reinsurers	(2,639,014)	(11,258,406)	(61,841)	-	-	(13,959,261)
Movement in unearned premiums	1,003,526	880,315	19,319	-	-	1,903,160
Premium ceded to reinsurers, earned	(1,635,488)	(10,378,091)	(42,522)	-	-	(12,056,101)
Net premiums	31,408,043	24,544,230	1,789,047	-	-	57,741,320
Claims	(23,041,711)	(31,671,837)	1,509,660	-	-	(56,223,208)
Reinsurers' share of claims	2,005,247	9,723,206	37,434	-	-	11,765,887
Net claims	(21,036,464)	(21,948,631)	1,472,226	-	-	(44,457,321)
Income from policy fees	647,499	39,775	7,841	-	-	695,115
Commission income on premium ceded to reinsurers	123,000	1,429,989	265	-	-	1,553,254
Commission expense	(2,662,615)	(3,454,439)	(317,879)	-	-	(6,434,933)
Net underwriting results	8,479,463	610,924	7,048	-	-	9,097,435
Investment income – net	2,943,648	448,962	28,754	-	(48,899)	3,372,465
ECL on financial assets	9,656	5,772	(122)	-	-	15,306
Other operating income / (loss)	(23,714)	13,199	294	-	(12,642)	(22,863)
Third party administration fees	(104,945)	(977,465)	(64,171)	607,360	-	(539,221)
General and administrative expenses	(3,910,082)	(1,491,282)	(279,144)	(548,975)	12,642	(6,216,841)
Finance cost	(55,376)	(50)	-	-	-	(55,426)
Amortisation of intangible assets	(11,798)	-	-	-	-	(11,798)
Income tax	(779,132)	-	-	(9,486)	-	(788,618)
Profit/(loss) for the period	6,547,720	(1,389,940)	(307,341)	48,899	(48,899)	4,850,439
					Adjustments and eliminations RO	Total RO
30 June 2022 (Unaudited)						
Segment assets	131,218,120	77,005,605	10,847,109	1,408,933	(1,351,683)	219,128,084
Segment liabilities	87,960,292	56,942,608	5,808,695	395,327	(338,077)	150,768,845
31 December 2021 (Audited)						
Segment assets	115,832,156	68,128,438	10,662,833	2,058,233	(1,265,060)	195,416,600
Segment liabilities	71,122,700	52,203,491	4,869,936	1,108,474	(315,301)	128,989,300
30 June 2021 (Unaudited)						
Segment assets	126,630,492	67,478,767	5,718,369	1,287,184	(1,128,649)	199,986,163
Segment liabilities	81,470,362	51,414,487	3,707,068	379,281	(220,746)	136,750,452

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2022

23 Risk management

The Group's activities expose it to a variety of risks: capital management risk, credit risk, reinsurance risk, liquidity risk, financial risks, market risk (includes currency risk interest rate risk and equity price risk), and insurance risks (includes frequency and severity of claims, sources of uncertainty in the estimation of future benefit payments and premium receipts, process used to decide on assumptions and change in assumptions). The interim condensed financial statements do not include all information and disclosures required relating to risk management and should be read in conjunction with the annual financial statements as at 31 December 2021. There have been no material changes in the risk management policies since year ended 31 December 2021.

24 Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as of the reporting date.

There were no level 3 financial instruments measured at fair value.

30 June 2022 (Unaudited)	Level 1	Level 2	Total
Investments	<u>36,451,850</u>	<u>81,382</u>	<u>36,533,232</u>
31 December 2021 (Audited)	Level 1	Level 2	Total
Investments	<u>39,392,599</u>	<u>81,382</u>	<u>39,473,981</u>
30 June 2021 (Unaudited)	Level 1	Level 2	Total
Investments	<u>32,451,589</u>	<u>119,579</u>	<u>32,571,168</u>

There were no transfers between any levels mentioned above.

25 Subsequent event

During Q2 2022, the Company had entered into agreements to fully acquire Royal & Sun Alliance Insurance (Middle East) BSC (RSA ME) (transaction), from Sun Alliance Insurance Overseas LTD (SAIO) and reputed Saudi shareholders. During Q3 2022, the Company has completed the purchase of 50.00002% shareholding in RSA ME from SAIO. The remaining shares in RSA ME held by reputed Saudi shareholders, was exchanged with NLGIC shares by way of private placement. As a result, RSA ME will be a wholly owned subsidiary of NLGIC.

During Q2 2022, the Company has taken Bank Guarantee with respect to above transaction which has been subsequently cancelled post completion and payment of purchase consideration.