

DIRECTORS' REPORT

For the nine-month period ended 30 September 2020

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure to present to you the Unaudited Financial Results of National Life & General Insurance Co SAOG ("the Company" or "NLGIC") for the nine-month period ended 30 September 2020.

Performance highlights for the nine-month period ended 30 September 2020:

NLGIC continues to deliver strong results in the prevailing challenging economic environment. The Company has achieved exceptional results with growth of 91% in Profit after Tax for the nine-month period ended 30 September 2020, as compared to the same period in 2019. Key performance metrics which have contributed to the results are:

(in RO 000s)	Jan-Sep 2020	Jan-Sep 2019	Variance
Gross Written Premiums	112,975	118,215	-4%
Net Underwriting Results	23,228	15,762	47%
Investment Income	3,201	2,301	39%
Profit after Tax	14,017	7,355	91%

Gross Written Premiums:

Gross Written Premium (GWP) for the nine-month period ended 30 September 2020 of RO 113 million is 4% lower than the corresponding period of 2019, due to reduced GWP in the Company's UAE medical business.

Net Underwriting Results:

Net Underwriting Result (NUR) of RO 23.2 million achieved during the nine-month period ended 30 September 2020 is 47% higher than the same period in 2019. Improved results are driven by Medical and Motor portfolios in Oman as well as overseas. The increase in NUR is attributable to the strategies adopted by the company over the years which include enhancing retail products, gradual increase in retention, strengthening of digital capabilities and focus on prudent underwriting. Reduction in claims reported during the COVID-19 related lockdown has also contributed to the higher NUR.

Investment Income

Investment Income of RO 3.2 million for the nine-month period ended 30 September 2020 is 39% higher as compared to RO 2.3 million in the corresponding period of 2019. The investment base of the company has risen significantly during the nine-month period ended 30 September 2020 reaching RO 89 million, of which over 90% comprises of fixed income securities. The decision to focus more on fixed income instruments continues to yield good results.

Net Profit After Tax (NPAT)

The substantial increase in NUR as well as Investment Income have resulted in the 91% growth in the Net Profit After Tax (NPAT) with a NPAT of RO 14.0 million for the nine-month period ended 30 September 2020 as compared to RO 7.4 million in the corresponding period of 2019.

Changing Risk Environment

The Company in its course of operations is exposed to a variety of risks and manages these risks through its Risk Management Framework. The Company has Board approved risk policies for identification, measurement, monitoring and control of the risks identified. Covid-19 is one of the risks identified in terms of operational as well as financial risk. The impact of the Covid-19 claims is being regularly monitored by the Company.

Insurance Sector

A challenging economic environment in Oman and UAE, due to the ongoing Covid-19 pandemic and low oil prices, means the growth outlook for insurance sector in the region will be subdued in the near term. However, we are more optimistic on health insurance segment as the awareness of the benefits cover is growing due to Covid-19 pandemic and Oman government is progressing with the roll-out of mandatory health insurance coverage.

Acknowledgements

We are profoundly grateful to His Majesty Sultan Haitham bin Tarik for his great leadership, wisdom, and guidance as he leads our country towards continued growth, stability, and prosperity. We also extend our sincere congratulations to His Majesty Sultan Haitham bin Tarik and the people of Oman on the occasion of 50th National Day.

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

I thank The Supreme Committee tasked with tackling the developments of coronavirus (COVID-19) pandemic, all the ministries and workers at various levels who are involved in the efforts to reduce the spread of COVID-19 and in the treatment of those affected.



Khalid Muhammad AlZubair
Chairman

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30th SEPTEMBER 2020**

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 NINE MONTHS ENDED 30th SEPTEMBER 2020**

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NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

30 September 2020 31 December 2019 30 September 2019

	Notes	RO (Unaudited)	RO (Audited)	RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	7,918,808	19,004,230	5,808,738
Bank deposits	5	41,166,206	37,348,696	36,965,507
Premiums and insurance balance receivables	7	57,289,144	63,519,337	76,155,324
Reinsurers' share of outstanding claims	12	7,891,104	6,020,113	9,722,912
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	11,943,192	13,544,875	15,080,246
Other receivables and prepayments	8	9,889,598	10,015,713	10,776,702
Investments carried at amortised cost	6(a)	14,213,376	2,569,435	11,425,006
Investments carried at fair value through other comprehensive income	6(b)	33,355,715	31,709,063	24,021,628
Loans to policyholders		130,705	129,435	183,221
Property and equipment		6,706,073	6,811,564	6,801,116
Deferred tax asset	19	487,824	221,007	340,791
Intangible Assets (including Goodwill)		478,546	496,243	502,143
Total assets		191,470,291	191,389,711	197,783,334
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	26,500,000	26,500,000	26,500,000
Legal reserve		8,162,821	6,761,121	6,476,406
Contingency reserve		12,611,164	11,185,599	10,763,075
Revaluation reserve		447,420	447,420	447,420
Fair value reserve		(1,311,014)	165,048	(974,385)
Foreign exchange fluctuation reserve		(24,832)	(21,957)	(20,894)
Retained earnings		18,090,865	13,865,365	12,592,822
Total equity		64,476,424	58,902,596	55,784,444
LIABILITIES				
Gross outstanding claims	12	28,499,835	21,704,590	31,969,718
Gross actuarial / mathematical and unexpired risk reserve	13	63,841,987	58,403,181	64,924,470
Due to reinsurers	14	10,894,382	8,837,559	10,196,927
Other liabilities	15	21,360,687	39,905,510	33,576,666
Short term loan		-	2,000,000	-
Income tax payable	19	2,396,976	1,636,275	1,331,109
Total liabilities		126,993,867	132,487,115	141,998,890
Total equity and liabilities		191,470,291	191,389,711	55,784,444
Net assets per share	17	0.243	0.222	0.211

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 27 October 2020 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 nine months ended 30 September 2020

	Notes	30 September 2020 RO (Unaudited)	30 September 2019 RO (Unaudited)
Gross written premium		<u>112,975,372</u>	<u>118,215,128</u>
Gross premium, earned		107,536,566	106,253,272
Premium ceded to reinsurers, earned		<u>(20,754,886)</u>	<u>(28,132,719)</u>
Net insurance premium revenue		86,781,680	78,120,553
Commission income on premium ceded to reinsurers		2,292,491	3,667,593
Income from policy fees		732,310	1,090,850
Gross claims expense	12	(76,433,093)	(83,928,085)
Reinsurers' share of claims	12	18,715,637	25,922,984
Commission expense		<u>(8,861,404)</u>	<u>(9,111,962)</u>
Net underwriting result		23,227,621	15,761,933
Investment income – net	18	3,201,314	2,300,602
Expected credit losses on financial assets		(15,572)	4
Other operating expense / income		(30,064)	46,362
Third party administration fees		(869,426)	(1,114,513)
General and administrative expenses		(9,034,775)	(8,379,949)
Finance cost		(108,218)	(41,476)
Amortisation of Intangible Assets		<u>(17,697)</u>	<u>(17,697)</u>
Profit before income tax		16,353,183	8,555,266
Income tax	19	<u>(2,336,180)</u>	<u>(1,200,103)</u>
Profit for the period		<u>14,017,003</u>	<u>7,355,163</u>
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(2,875)	(19,612)
Change in value of debt investments carried at fair value through other comprehensive income		(987,449)	142,508
Items that will not be reclassified to profit or loss:			
Change in value of investments carried at fair value through other comprehensive income		<u>(827,851)</u>	<u>(52,087)</u>
Other comprehensive expense for the period		(1,818,175)	70,809
Total comprehensive income for the period		<u>12,198,828</u>	<u>7,425,972</u>
Earnings per share - basic and diluted	20	<u>0.053</u>	<u>0.028</u>

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 nine months ended 30 September 2020

	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 2019	26,500,000	5,740,890	9,354,092	447,420	(1,064,317)	(1,282)	12,681,669	53,658,472
Profit for the period	-	-	-	-	-	-	7,355,163	7,355,163
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	90,421	-	-	90,421
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(19,612)	-	(19,612)
Total comprehensive income for the period	-	-	-	-	90,421	(19,612)	7,355,163	7,425,972
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	(489)	-	489	-
Dividends declared and paid (Note 11)	-	-	-	-	-	-	(5,300,000)	(5,300,000)
Transfer to legal reserve	-	735,516	-	-	-	-	(735,516)	-
Transfer to contingency reserve	-	-	1,408,983	-	-	-	(1,408,983)	-
At 30 September 2019 (Unaudited)	<u>26,500,000</u>	<u>6,476,406</u>	<u>10,763,075</u>	<u>447,420</u>	<u>(974,385)</u>	<u>(20,894)</u>	<u>12,592,822</u>	<u>55,784,444</u>
At 1 January 2020	26,500,000	6,761,121	11,185,599	447,420	165,048	(21,957)	13,865,365	58,902,596
Profit for the period	-	-	-	-	-	-	14,017,003	14,017,003
Change in value of investments carried at fair value through other comprehensive income	-	-	-	-	(1,815,300)	-	-	(1,815,300)
Change in foreign exchange fluctuation reserve	-	-	-	-	-	(2,875)	-	(2,875)
Total comprehensive income for the period	-	-	-	-	(1,815,300)	(2,875)	14,017,003	12,198,828
Transfer on sale of fair value through other comprehensive investments	-	-	-	-	339,238	-	(339,238)	-
Dividends declared and paid (Note 11)	-	-	-	-	-	-	(6,625,000)	(6,625,000)
Transfer to legal reserve	-	1,401,700	-	-	-	-	(1,401,700)	-
Transfer to contingency reserve	-	-	1,425,566	-	-	-	(1,425,566)	-
At 30 September 2020 (Unaudited)	<u>26,500,000</u>	<u>8,162,821</u>	<u>12,611,164</u>	<u>447,420</u>	<u>(1,311,014)</u>	<u>(24,832)</u>	<u>18,090,865</u>	<u>64,476,424</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 nine months ended 30 September 2020

		30 September 2020	30 September 2019
	Notes	RO (Unaudited)	RO (Unaudited)
Operating activities			
Profit before taxation		16,353,183	8,555,266
Adjustments for:			
Net (loss) / gain on investments at fair value through profit or loss		-	164,209
Expected credit loss/(release) of financial assets		15,572	(4)
Allowance for impaired debts		440,990	386,658
Accrual for end on service benefits		133,736	119,498
Interest income	18	(2,917,619)	(2,091,109)
Finance cost		108,218	41,476
Dividend income	18	(346,545)	(390,979)
Depreciation		689,782	644,940
Amortisation of Intangible Assets		17,697	17,697
Profit on disposal of property and equipment		6,849	(9,994)
		<u>14,501,863</u>	<u>7,437,658</u>
Changes in working capital:			
Premium and insurance balances receivable		5,789,203	(32,791,787)
Other receivables and prepayments		241,003	(5,537,941)
Reinsurers' share of outstanding claims		(1,870,991)	(2,361)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		1,601,683	3,327,721
Gross outstanding claims		6,795,245	6,921,710
Actuarial / mathematical and unexpired risk reserve		5,438,806	11,961,856
Due to reinsurers		2,056,823	7,642,623
Other liabilities		<u>(18,724,459)</u>	<u>7,832,236</u>
		15,829,176	6,791,715
End of service benefits paid		(28,317)	(19,877)
Income tax paid		<u>(1,651,708)</u>	<u>(1,543,568)</u>
Net cash from operating activities		<u>14,149,151</u>	<u>5,228,270</u>
Investing activities			
Placement in bank deposits (net)		(3,818,500)	(2,061,905)
Purchase of property and equipment		(622,600)	(1,799,313)
Purchase of investment securities		(17,447,603)	(11,525,549)
Proceeds from disposal of investment securities		2,348,411	1,330,938
Proceeds from disposal of property and equipment		31,459	9,900
Interest received		2,655,606	1,718,943
Dividends received		343,548	417,075
Net movement in loans to policyholders		(1,270)	35,153
Net cash used in investing activities		<u>(16,510,949)</u>	<u>(11,874,758)</u>
Financing activities			
Finance cost paid		(108,218)	(41,476)
Dividend paid		(6,625,000)	(5,300,000)
Short term loans		(2,000,000)	-
Net cash used in financing activities		<u>(8,733,218)</u>	<u>(5,341,476)</u>
Net changes in cash and cash equivalents		(11,095,016)	(11,987,964)
Currency translation adjustment		(2,875)	(19,612)
Cash and cash equivalents at the beginning of the period	4	<u>19,025,565</u>	<u>17,836,250</u>
Cash and cash equivalents at the end of the period	4	<u>7,927,674</u>	<u>5,828,674</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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the nine months ended 30 September 2020

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 2019. 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 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the nine month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The comparative information, included in these unaudited interim condensed consolidated financial statements as at 30 September 2019, are for the nine 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 2020 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 2019.

The Group has adopted standard, interpretation or amendment that has been issued and is effective as at 01 January 2020. Although these amendments apply for the first time in 2020, 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 nine months ended 30 September 2020, 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 2019.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the nine months ended 30 September 2020

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 2019.

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) to be a pandemic. In addition, oil prices significantly dropped in during 2020 due to a number of political and economic factors. As a result, businesses have subsequently seen reduced volumes and, where governments mandated, temporary suspension of travel and closure of commercial establishments. The lockdowns have been partially or fully removed during second quarter in the geographies where the group has operations. However, restrictions on travel and percentage of staff attending office are still in place. The pandemic has impacted the Group as well and the Group has taken steps during this period to alleviate the impact of the event on its operations in terms of business levels, customer service levels and to be able to meet all regulatory requirements and follow all directives being issued by the Government in this regard. In terms of insurance operations, regulators in Oman and Dubai have mandated insurance companies to pay claims related to Covid-19 as per regulatory directives. Positive impact of the Covid lockdown restrictions was that the Company had lower claims reporting in the current year in its medical and motor insurance business as compared to the previous year. The Company's investments have been impacted due to the fall in market prices of shares and bonds and the impact as at 30 September 2020 is accounted for in the financials. The Group has accounted for Expected Credit losses on its investments and Other receivables as well as provision for bad and doubtful debts on its Premiums and insurance balance receivables to the best of the management's knowledge to represent a fair value of these assets as at the reporting date. In terms of insurance liabilities, the Group has made estimates of claims reported and claims incurred but not reported based on available information to reflect amounts which as per the management's judgment is adequate to cover the liabilities as at the date of reporting.

Covid-19 related lock downs and various restrictions in the geographies in which the Group operates have the potential to impact the Groups results in future in terms of reduction in business levels, deterioration of the value of its assets such as further reduction of market value of investments, increased provision requirements on its Premiums and insurance balance receivables and Other receivables, significant change in currency rates, etc. The extent and duration of the future impact of these conditions remain uncertain and cannot be accurately predicted at this stage. Similarly, quantum of Covid-19 claims that may get incurred in future months cannot be predicted at this stage. A reliable estimate of such these impacts cannot be made at the date of authorisation of these financial statements.

4 Cash and cash equivalents

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Balances with banks	7,918,556	19,012,920	5,814,178
Cash in hand	9,118	12,645	14,496
Cash and cash equivalents	7,927,674	19,025,565	5,828,674
Less: ECL on cash and bank balances	(8,866)	(21,335)	(19,936)
Cash and cash equivalents – net of ECL	7,918,808	19,004,230	5,808,738

5 Bank deposits

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Deposits	41,222,995	37,404,495	37,003,974
Less: ECL on bank deposits	(56,789)	(55,799)	(38,467)
	41,166,206	37,348,696	36,965,507

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended 30 September 2019
6 Investment securities

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Investments carried at amortised cost	6(a) 14,213,376	2,569,435	11,425,006
Investment carried at fair value through other comprehensive income	6(b) 33,355,715	31,709,063	24,021,628
	47,569,091	34,278,498	35,446,634

6 (a) Investments carried at amortised cost

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Bonds - over one year from the date of inception	14,239,700	2,570,577	11,435,675
Less: ECL on Investments carried at amortised cost	(26,324)	(1,142)	(10,669)
	14,213,376	2,569,435	11,425,006
Annual interest rates	4% to 6.75%	4% to 5.25%	4% to 6.75%

(i) Movement in investments carried at amortised cost:

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
At 1 January	2,569,435	2,871,739	2,871,739
Additions during the period / year	11,673,001	8,559,355	8,559,356
Matured during the period / year	-	(9,622,473)	(7,364)
Amortisation during the year	(3,878)	45,450	-
Realised gain on disposal	-	704,562	-
Movement in Expected credit losses	(25,182)	10,802	1,275
At 30 September / 31 December	14,213,376	2,569,435	11,425,006

6 (b) Investments carried at fair value through other comprehensive income (FVOCI)

	30 September 2020		31 December 2019		30 September 2019	
	Market value RO (Unaudited)	Cost RO (Unaudited)	Market value RO (Audited)	Cost RO (Audited)	Market value RO (Unaudited)	Cost RO (Unaudited)
Local						
Quoted	23,010,638	24,181,274	24,398,250	23,674,780	15,164,901	15,197,679
	23,010,638	24,181,274	24,398,250	23,674,780	15,164,901	15,197,679
Foreign						
Unquoted	119,579	853,449	119,579	853,449	119,579	853,449
Quoted	10,225,498	9,920,659	7,191,234	7,110,416	8,737,148	9,218,360
	10,345,077	10,774,108	7,310,813	7,963,865	8,856,727	10,071,809
	33,355,715	34,955,382	31,709,063	31,638,645	24,021,628	25,269,488

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended 30 September 2020
6 Investment securities (continued)
6 (b) Investments carried at fair value through other comprehensive income (FVOCI) (continued)

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

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
At 1 January	31,709,063	21,153,006	21,153,006
Additions during the period / year	5,774,602	14,736,391	2,958,568
Disposals during the period / year	(2,179,434)	(4,817,789)	(187,660)
Fair value change	(1,948,516)	637,455	97,714
At 30 September / 31 December	<u>33,355,715</u>	<u>31,709,063</u>	<u>24,021,628</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 987,449 (30 September 2019 – gain of RO 142,508) and Change in value of investments carried at FVOCI – loss of RO 827,851 (30 September 2019 – loss of RO 52,087). 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

		30 September 2020 Carrying value RO	31 December 2019 Carrying value RO	30 September 2019 Carrying value RO
	Country Holding %		Holding %	Holding %
NLGIC support services Pvt. Ltd. (NSSPL)	India	100.00 249,061	100.00 216,390	100.00 219,342
Inayah TPA LLC	UAE	100.00 588,029	100.00 565,865	100.00 889,730
		<u>837,090</u>	<u>782,255</u>	<u>1,109,072</u>

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7 Premiums and insurance balance receivables

	30 September 2020			31 December 2019			30 September 2019		
	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)
Premium receivable	46,642,288	4,452,801	51,095,089	42,816,304	4,150,449	46,966,753	54,104,435	4,122,069	58,226,504
Reinsurance balances receivable	8,036,533	207,082	8,243,615	18,037,630	123,524	18,161,154	19,336,333	34,676	19,371,009
	54,678,821	4,659,883	59,338,704	60,853,934	4,273,973	65,127,907	73,440,768	4,156,745	77,597,513
Allowance for impaired debts	(1,241,111)	(808,449)	(2,049,560)	(902,761)	(705,809)	(1,608,570)	(1,032,506)	(409,683)	(1,442,189)
	53,437,710	3,851,434	57,289,144	59,951,173	3,568,164	63,519,337	72,408,262	3,747,062	76,155,324
Movement in allowance for impaired debts									
At 1 January	902,761	705,809	1,608,570	735,001	320,530	1,055,531	735,001	320,530	1,055,531
Provided during the period / year	338,350	102,640	440,990	230,674	379,354	610,028	297,505	89,153	386,658
Written off during the period / year	-	-	-	(62,914)	5,925	(56,989)	-	-	-
At 30 September / 31 December	1,241,111	808,449	2,049,560	902,761	705,809	1,608,570	1,032,506	409,683	1,442,189

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8 Other receivables and prepayments

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Receivable from other insurance companies and individuals	1,329,247	1,190,444	1,151,960
Receivable from medical providers	4,492,032	4,536,002	4,230,610
Other receivables	3,274,710	3,702,307	4,447,306
Accrued interest	1,107,543	902,457	1,217,936
Deferred acquisition costs	7,739	7,739	12,508
	10,211,271	10,338,949	11,060,320
Provision for doubtful debts	(317,591)	(317,591)	(279,207)
Expected credit losses of other receivables	(4,082)	(5,645)	(4,411)
	9,889,598	10,015,713	10,776,702

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 44,360,044 (31 December 2019 - RO 42,256,223 and 30 September 2019 - RO 33,531,421). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority.

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 991,142 (31 December 2019 - RO 991,142 and 30 September 2019 - RO 464,142) and RO 2,197,650 (31 December 2019 - RO 1,879,150 and 30 September 2019 - 1,879,150) 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 provided bank guarantee of RO 50,000 (31 December 2019 - RO 50,000 and 30 September 2019 - RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

In Oman, the Group has an credit facility of RO 5,000,000 (31 December 2019 - RO 1,900,000 and 30 September 2019 - RO 1,900,000) with local bank 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 an credit facility of RO 3,689,000 (31 December 2019 - Nil and 30 September 2019 - Nil) with local bank which are secured by way of 110% of amount held under fixed deposit with the bank.

10 Share capital

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
At 30 September / 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 13 May 2020 (2019 - annual general meeting dated 27 March 2019) approved cash dividend of RO 6,625,000 (31 December 2019 – cash dividend of RO 5,300,000) which has been paid.

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12 Claims

Life and general	30 September 2020			31 December 2019			30 September 2019		
	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	15,095,173	(4,427,985)	10,667,188	17,004,173	(6,343,482)	10,660,691	17,004,173	(6,343,482)	10,660,691
- Incurred but not reported	6,609,417	(1,592,128)	5,017,289	8,043,835	(3,377,069)	4,666,766	8,043,835	(3,377,069)	4,666,766
	<u>21,704,590</u>	<u>(6,020,113)</u>	<u>15,684,477</u>	25,048,008	(9,720,551)	15,327,457	25,048,008	(9,720,551)	15,327,457
Add: Claims provided during the period / year	76,433,093	(18,715,637)	57,717,456	113,342,713	(33,420,979)	79,921,734	83,928,085	(25,922,984)	58,005,101
Less: Claims paid during the period / year	(69,637,848)	16,844,646	(52,793,202)	(116,686,131)	37,121,417	(79,564,714)	(77,006,375)	25,920,623	(51,085,752)
At 30 September / 31 December	<u>28,499,835</u>	<u>(7,891,104)</u>	<u>20,608,731</u>	21,704,590	(6,020,113)	15,684,477	31,969,718	(9,722,912)	22,246,806
Analysis of outstanding claims at 30 September / 31 December									
- Claims incurred	21,888,961	(6,300,661)	15,588,300	15,095,173	(4,427,985)	10,667,188	24,745,152	(7,609,775)	17,135,377
- Incurred but not reported	6,610,874	(1,590,443)	5,020,431	6,609,417	(1,592,128)	5,017,289	7,224,566	(2,113,137)	5,111,429
	<u>28,499,835</u>	<u>(7,891,104)</u>	<u>20,608,731</u>	21,704,590	(6,020,113)	15,684,477	31,969,718	(9,722,912)	22,246,806

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.

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13 Gross actuarial / mathematical and unexpired risk reserve

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	55,445,896	50,293,461	57,058,392
Reinsurers' share	<u>(11,768,963)</u>	<u>(13,292,219)</u>	<u>(14,603,801)</u>
	<u>43,676,933</u>	<u>37,001,242</u>	<u>42,454,591</u>
Unexpired risk reserve – general insurance			
Gross	8,396,091	8,109,720	7,866,078
Reinsurers' share	<u>(174,229)</u>	<u>(252,656)</u>	<u>(476,445)</u>
	<u>8,221,862</u>	<u>7,857,064</u>	<u>7,389,633</u>
Actuarial / mathematical and unexpired risk reserve – total			
Gross	63,841,987	58,403,181	64,924,470
Reinsurers' share	<u>(11,943,192)</u>	<u>(13,544,875)</u>	<u>(15,080,246)</u>
	<u>51,898,795</u>	<u>44,858,306</u>	<u>49,844,224</u>

Movement during the period / year:

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	37,001,242	27,506,438	27,506,438
Net movement in the statement of comprehensive income	6,675,691	9,494,804	14,948,153
At 30 September / 31 December	<u>43,676,933</u>	<u>37,001,242</u>	<u>42,454,591</u>
Unexpired risk reserve – general insurance			
At 1 January	7,857,064	7,048,209	7,048,209
Net movement in the statement of comprehensive income	364,798	808,855	341,424
At 30 September / 31 December	<u>8,221,862</u>	<u>7,857,064</u>	<u>7,389,633</u>

14 Due to reinsurers

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Reinsurance balances payable – life insurance	10,240,763	8,278,692	9,563,866
Reinsurance balances payable – general insurance	653,619	558,867	633,061
	<u>10,894,382</u>	<u>8,837,559</u>	<u>10,196,927</u>

15 Other liabilities

	30 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Accounts payable	4,841,909	22,753,876	15,463,695
Commission Payable	6,829,606	7,269,151	7,959,215
Accrued expenses	3,670,130	4,061,379	4,591,791
Other payables	5,143,435	5,050,916	4,821,897
End of service benefits	875,607	770,188	740,068
	<u>21,360,687</u>	<u>39,905,510</u>	<u>33,576,666</u>

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16 Contingent liabilities
(a) Contingencies

At 30 September 2020, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 287,742 (31 December 2019 - RO 324,193 and 30 September 2019 – RO 300,266) given in the normal course of business from which it is anticipated that no material liabilities will arise.

(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 September 2020 RO (Unaudited)	31 December 2019 RO (Audited)	30 September 2019 RO (Unaudited)
Net assets (RO)	64,476,424	58,902,596	55,784,444
Number of shares outstanding at 30 September / 31 December	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.243	0.222	0.211

18 Investment income – net

	30 September 2020 RO (Unaudited)	30 September 2019 RO (Unaudited)
Interest income on bank deposits and other investments	1,094,407	1,065,138
Interest income on bonds, net of amortisation charge	1,829,263	1,010,017
Interest income on loans to policy holders	(6,051)	15,954
Dividend income	346,545	390,979
Net realised gain on investment carried at fair value through profit or loss and investment carried at amortised cost	-	(164,209)
	3,264,164	2,317,879
Investment acquisition cost and portfolio management fees	(62,850)	(17,277)
	3,201,314	2,300,602

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19 Income tax

	30 September 2020 RO (Unaudited)	30 September 2019 RO (Unaudited)
Statement of comprehensive income:		
Current tax		
- For the year	2,407,245	1,344,971
- For prior years	8,158	(85,151)
Deferred tax	(79,223)	(59,717)
	<u>2,336,180</u>	<u>1,200,103</u>
	30 September 2020 RO (Unaudited)	30 September 2019 RO (Unaudited)
Current liability		
Income tax payable	<u>2,396,976</u>	<u>1,636,275</u>
Non-current asset		
Deferred tax asset	<u>487,824</u>	<u>221,007</u>

The tax rate applicable to the Parent Company is 15% (30 September 2019 – 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 nine months ended as follows:

	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Profit for the nine months ended (RO)	<u>14,017,003</u>	<u>7,355,163</u>
Weighted average number of shares outstanding @ RO 0.100 per share	<u>265,000,000</u>	<u>265,000,000</u>
Basic and diluted earnings per share (RO)	<u>0.053</u>	<u>0.028</u>

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
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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
	RO	RO	RO	RO	RO	RO	RO
30 September 2020 (Unaudited)							
Statement of comprehensive income							
Gross premium income	1,612,920	121,597	-	1,182,632	-	-	308,691
Claims expense	1,414,074	26,941	-	1,133,222	-	-	253,911
Reinsurer's share of claims paid	2,981	-	-	2,981	-	-	-
Interest income on deposits	362,595	-	-	362,595	-	-	-
Income from bonds and equity	311,506	108,603	-	202,903	-	-	-
Commission expense	433,777	-	-	184,040	-	-	249,737
Other expenses	198,751	-	-	167,711	-	-	31,040
Director sitting fees	12,900	-	12,900	-	-	-	-
Directors' remuneration	137,100	-	137,100	-	-	-	-
Other Transactions							
Short Term Loan repayment	2,000,000	-	-	2,000,000	-	-	-
Bond & Deposit purchase	4,995,000	495,000	-	4,500,000	-	-	-
Liquidation of Deposit	4,000,000	-	-	4,000,000	-	-	-
Increase in bank balances	136,229	-	-	136,229	-	-	-
Decrease in bank balances	6,798,241	-	-	6,798,241	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	137,100	-	137,100	-	-	-	-
Claims payable to related parties	676,442	5,959	-	556,214	-	-	114,268
Commission payable	334,926	-	-	19,807	-	-	315,119
Payable to related parties	7,981	-	-	7,981	-	-	-
Receivable from related parties	21,873	-	-	16,473	5,400	-	-
Bank balances	602,131	-	-	602,131	-	-	-
Fixed deposits balances	13,175,000	-	-	13,175,000	-	-	-
Premium receivable from related parties	859,931	4,406	-	620,230	-	-	235,296
Investment in Bonds	4,045,000	2,795,000	-	1,250,000	-	-	-
Reinsurance balance receivable	14,725	-	-	14,725	-	-	-
Accrued interest receivable	253,080	-	-	253,080	-	-	-

During January to September 2020, subsidiary in India (NSSPL) has charged the parent company service fees of RO 364,631. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 35,546. Carrying value of investment as on 30.09.2020 is RO 249,061 and due to NSSPL as at 30.09.2020 is RO 45,486.

During January to September 2020, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 375,308. The Parent Company has accounted Inayah Share of profit from subsidiary of RO 22,164. Carrying value of investment as on 30.09.2020 is RO 588,029, it's related intangibles are RO 332,056 and due to Inayah TPA LLC as at 30.09.2020 is RO 156,002.

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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 September 2019 (Unaudited)	RO	RO	RO	RO	RO	RO	RO
Statement of comprehensive income							
Gross premium income	2,553,408	103,725	1,075	2,128,570	-	-	320,038
Claims expense	1,657,021	42,315	-	1,219,908	-	-	394,799
Interest income on deposits	342,937	-	-	342,937	-	-	-
Income from bonds and equity	284,875	88,881	-	195,994	-	-	-
Commission expense	318,675	-	-	138,374	-	-	180,301
Other expenses	118,400	-	-	118,400	-	-	-
Director sitting fees	12,400	-	12,400	-	-	-	-
Directors' remuneration	137,600	-	137,600	-	-	-	-
Other Transactions							
Placement of Deposit	2,650,000	-	-	2,650,000	-	-	-
Liquidation of Deposit	150,000	-	-	150,000	-	-	-
Increase in bank balances	1,000,706	-	-	1,000,706	-	-	-
Decrease in bank balances	3,049,016	-	-	3,049,016	-	-	-
Statement of financial position							
Directors' remuneration & sitting fees	138,200	-	138,200	-	-	-	-
Claims payable to related parties	689,889	10,585	-	570,148	-	-	109,156
Commission payable	261,133	-	-	17,174	-	-	243,959
Payable to related parties	4,273	-	-	4,273	-	-	-
Receivable from related parties	77,337	-	-	76,793	544	-	-
Bank balances	1,876,191	-	-	1,876,191	-	-	-
Fixed deposits/Bonds balances	12,675,000	-	-	12,675,000	-	-	-
Premium receivable from related parties	564,670	2,254	-	332,222	-	-	230,193
Investment in Bonds	3,550,000	2,300,000	-	1,250,000	-	-	-
Accrued interest receivable	338,371	-	-	338,371	-	-	-

During January to September 2019, subsidiary in India (NSSPL) has charged the parent company service fees of RO 365,162. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 44,263. Carrying value of investment as on 30.09.2019 is RO 219,342 and due to NSSPL as at 30.09.2019 is RO 16,156.

During January to September 2019, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 264,061. The Parent Company has accounted Inayah Share of loss from subsidiary of RO 11,253. Carrying value of investment as on 30.09.2019 is RO 889,730, it's related intangibles are RO 355,653 and due to Inayah TPA LLC as at 30.09.2019 is RO 101,771.

No major provision has been required during nine months ended 30 September 2020 (30 September 2019 – nil) in respect of amounts due from related parties.

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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 September 2020 RO (Unaudited)	30 September 2019 RO (Unaudited)
Short-term benefits	465,617	444,553
Employees' end of service benefits & leave salary accrual	80,071	60,287
	545,688	504,840
Number of key management personnel	9	10

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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 nine months ended 30 September 2020 and 30 September 2019.

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 September 2020 (Unaudited)	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	98,234,554	14,740,818	-	112,975,372
Movement in unearned premiums	(5,152,435)	(286,371)	-	(5,438,806)
Gross premiums earned	93,082,119	14,454,447	-	107,536,566
Insurance premium ceded to reinsurers	(18,394,521)	(758,682)	-	(19,153,203)
Movement in unearned premiums	(1,523,256)	(78,427)	-	(1,601,683)
Premium ceded to reinsurers, earned	(19,917,777)	(837,109)	-	(20,754,886)
Net premiums	73,164,342	13,617,338	-	86,781,680
Claims	(70,086,789)	(6,346,304)	-	(76,433,093)
Reinsurers' share of claims	17,877,786	837,851	-	18,715,637
Net claims	(52,209,003)	(5,508,453)	-	(57,717,456)
Income from policy fees	108,938	623,372	-	732,310
Commission income on premium ceded to reinsurers	2,300,763	(8,272)	-	2,292,491
Commission expense	(7,014,505)	(1,846,899)	-	(8,861,404)
Net underwriting results	16,350,535	6,877,086	-	23,227,621
Investment income – net	2,230,727	1,028,297	(57,710)	3,201,314
ECL on financial assets	(8,512)	(7,060)	-	(15,572)
Other operating (loss) / income	(36,583)	6,519	-	(30,064)
Third party administration fees	(869,426)	-	-	(869,426)
General and administrative expenses	(6,881,744)	(2,153,031)	-	(9,034,775)
Finance cost	(108,218)	-	-	(108,218)
Amortisation of intangible assets	(17,697)	-	-	(17,697)
Income tax	(1,516,709)	(819,471)	-	(2,336,180)
Profit for the period	9,142,373	4,932,340	(57,710)	14,017,003

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG AND ITS SUBSIDIARIES
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for the nine months ended 30 September 2020**
22 Segmental information (continued)
22.1 Primary reporting format - business segments (continued)

30 September 2019 (Unaudited)	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	104,717,913	13,497,215	-	118,215,128
Movement in unearned premiums	<u>(11,659,087)</u>	<u>(302,769)</u>	-	<u>(11,961,856)</u>
Gross premiums earned	<u>93,058,826</u>	<u>13,194,446</u>	-	<u>106,253,272</u>
Insurance premium ceded to reinsurers	(23,861,848)	(943,150)	-	(24,804,998)
Movement in unearned premiums	<u>(3,289,066)</u>	<u>(38,655)</u>	-	<u>(3,327,721)</u>
Premium ceded to reinsurers, earned	<u>(27,150,914)</u>	<u>(981,805)</u>	-	<u>(28,132,719)</u>
Net premiums	<u>65,907,912</u>	<u>12,212,641</u>	-	<u>78,120,553</u>
Claims	(76,795,207)	(7,132,878)	-	(83,928,085)
Reinsurers' share of claims	<u>25,440,435</u>	<u>482,549</u>	-	<u>25,922,984</u>
Net claims	<u>(51,354,772)</u>	<u>(6,650,329)</u>	-	<u>(58,005,101)</u>
Income from policy fees	714,808	376,042	-	1,090,850
Commission income on premium ceded to reinsurers	3,507,833	159,760	-	3,667,593
Commission expense	<u>(7,584,807)</u>	<u>(1,527,155)</u>	-	<u>(9,111,962)</u>
Net underwriting results	11,190,974	4,570,959	-	15,761,933
Investment income – net	1,482,534	851,078	(33,010)	2,300,602
ECL on financial assets	(9,766)	9,770	-	4
Other operating income	44,256	2,106	-	46,362
Third party administration fees	(1,114,513)	-	-	(1,114,513)
General and administrative expenses	(6,175,814)	(2,204,135)	-	(8,379,949)
Finance cost	(41,476)	-	-	(41,476)
Amortisation of intangible assets	(17,697)	-	-	(17,697)
Income tax	<u>(751,017)</u>	<u>(449,086)</u>	-	<u>(1,200,103)</u>
Profit for the period	<u>4,607,481</u>	<u>2,780,692</u>	<u>(33,010)</u>	<u>7,355,163</u>
	Life and Medical RO	General RO	Adjustments and eliminations RO	Total RO
30 September 2020 (Unaudited)				
Segment assets	<u>155,032,726</u>	<u>37,476,143</u>	<u>(1,038,578)</u>	<u>191,470,291</u>
Segment liabilities	<u>106,329,636</u>	<u>20,865,719</u>	<u>(201,488)</u>	<u>126,993,867</u>
31 December 2019 (Audited)				
Segment assets	<u>157,158,303</u>	<u>35,289,371</u>	<u>(1,057,963)</u>	<u>191,389,711</u>
Segment liabilities	<u>103,687,498</u>	<u>29,075,325</u>	<u>(275,708)</u>	<u>132,487,115</u>
30 September 2019 (Unaudited)				
Segment assets	<u>164,104,651</u>	<u>34,550,029</u>	<u>(871,346)</u>	<u>197,783,334</u>
Segment liabilities	<u>112,829,474</u>	<u>29,287,342</u>	<u>(117,926)</u>	<u>141,998,890</u>

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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 nine months ended 30 September 2020 and 30 September 2019.

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 September 2020 (Unaudited)						
Gross premium written	54,040,221	56,698,299	2,236,852	-	-	112,975,372
Movement in unearned premiums	(6,236,770)	1,208,296	(410,332)	-	-	(5,438,806)
Gross premiums earned	47,803,451	57,906,595	1,826,520	-	-	107,536,566
Insurance premium ceded to reinsurers	(2,122,366)	(16,978,384)	(52,453)	-	-	(19,153,203)
Movement in unearned premiums	(379,503)	(1,027,426)	(194,754)	-	-	(1,601,683)
Premium ceded to reinsurers, earned	(2,501,869)	(18,005,810)	(247,207)	-	-	(20,754,886)
Net premiums	45,301,582	39,900,785	1,579,313	-	-	86,781,680
Claims	(29,265,117)	(46,188,835)	(979,141)	-	-	(76,433,093)
Reinsurers' share of claims	3,891,018	14,595,485	229,134	-	-	18,715,637
Net claims	(25,374,099)	(31,593,350)	(750,007)	-	-	(57,717,456)
Income from policy fees	689,999	29,212	13,099	-	-	732,310
Commission income on premium ceded to reinsurers	20,763	2,269,581	2,147	-	-	2,292,491
Commission expense	(3,503,819)	(5,002,237)	(355,348)	-	-	(8,861,404)
Net underwriting results	17,134,426	5,603,991	489,204	-	-	23,227,621
Investment income – net	2,436,846	623,902	198,276	-	(57,710)	3,201,314
ECL on financial assets	(12,991)	4,401	(6,982)	-	-	(15,572)
Other operating (loss) / income	(32,282)	(4,219)	6,437	-	-	(30,064)
Third party administration fees	(98,709)	(1,455,536)	(55,120)	739,939	-	(869,426)
General and administrative expenses	(5,574,394)	(2,395,965)	(389,549)	(674,867)	-	(9,034,775)
Finance cost	(104,054)	(4,164)	-	-	-	(108,218)
Amortisation of intangible assets	(17,697)	-	-	-	-	(17,697)
Income tax	(2,328,818)	-	-	(11,824)	-	(2,336,180)
Profit / (loss) for the period	11,402,327	2,372,410	242,266	57,710	(57,710)	14,017,003

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22 Segmental information (continued)

22.2 Primary reporting format - geographic segments (continued)

Geographic Information (continued)

	Oman RO	UAE RO	Kuwa RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 September 2019 (Unaudited)						
Gross premium written	53,965,570	62,501,930	1,747,628	-	-	118,215,128
Movement in unearned premiums	(7,232,622)	(4,705,660)	(23,574)	-	-	(11,961,856)
Gross premiums earned	46,732,948	57,796,270	1,724,054	-	-	106,253,272
Insurance premium ceded to reinsurers	(3,673,851)	(20,625,465)	(505,682)	-	-	(24,804,998)
Movement in unearned premiums	(3,219,737)	(47,401)	(60,583)	-	-	(3,327,721)
Premium ceded to reinsurers, earned	(6,893,588)	(20,672,866)	(566,265)	-	-	(28,132,719)
Net premiums	39,839,360	37,123,404	1,157,789	-	-	78,120,553
Claims	(32,740,568)	(49,670,884)	1,516,633	-	-	(83,928,085)
Reinsurers' share of claims	6,399,070	18,818,554	705,360	-	-	25,922,984
Net claims	(26,341,498)	(30,852,330)	(811,273)	-	-	(58,005,101)
Income from policy fees	569,670	516,968	4,212	-	-	1,090,850
Commission income on premium ceded to reinsurers	574,799	3,092,172	622	-	-	3,667,593
Commission expense	(3,170,420)	(5,711,679)	(229,863)	-	-	(9,111,962)
Net underwriting results	11,471,911	4,168,535	121,487	-	-	15,761,933
Investment income – net	1,698,215	597,408	37,989	-	(33,010)	2,300,602
ECL on financial assets	3,084	(3,038)	(42)	-	-	4
Other operating income / (loss)	27,334	16,059	2,969	-	-	46,362
Third party administration fees	(185,352)	(1,484,351)	(74,033)	629,223	-	(1,114,513)
General and administrative expenses	(5,049,275)	(2,401,281)	(345,412)	(583,981)	-	(8,379,949)
Finance cost	(36,426)	(5,050)	-	-	-	(41,476)
Amortisation of intangible assets	(17,697)	-	-	-	-	(17,697)
Income tax	(1,187,871)	-	-	(12,232)	-	(1,200,103)
Profit / (loss) for the period	6,723,923	888,282	(257,042)	33,010	(33,010)	7,355,163
	Oman RO	UAE RO	Kuwait RO	Subsidiaries RO	Adjustments and eliminations RO	Total RO
30 September 2020 (Unaudited)						
Segment assets	107,303,271	75,399,713	8,640,993	1,164,892	(1,038,578)	191,470,291
Segment liabilities	66,469,628	57,396,107	3,001,818	327,802	(201,488)	126,993,867
31 December 2019 (Audited)						
Segment assets	94,284,490	92,300,833	4,504,632	1,357,719	(1,057,963)	191,389,711
Segment liabilities	60,558,520	69,027,372	2,601,467	575,464	(275,708)	132,487,115
30 September 2019 (Unaudited)						
Segment assets	98,809,133	93,181,246	4,623,819	2,040,482	(871,346)	197,783,334
Segment liabilities	64,960,729	73,371,862	2,497,163	1,287,062	(117,926)	141,998,890

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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 2019. There have been no material changes in the risk management policies since year ended 31 December 2019.

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 September 2020 (Unaudited)	Level 1	Level 2	Total
Investments	<u>33,236,136</u>	<u>119,579</u>	<u>33,355,715</u>
31 December 2019 (Audited)	Level 1	Level 2	Total
Investments	<u>31,589,484</u>	<u>119,579</u>	<u>31,709,063</u>
30 September 2019 (Unaudited)	Level 1	Level 2	Total
Investments	<u>23,902,049</u>	<u>119,579</u>	<u>24,021,628</u>

There were no transfers between any levels mentioned above.

25 Prior period adjustments

The Group has reclassified the following for the comparative figures of nine months ended 30 September 2019:

- (i) commission payable to intermediaries from premiums and insurance balances receivable to other liabilities and
- (ii) receivable from medical providers (towards volume rebates or discounts and advances) from other liabilities to other receivables and prepayments

The above reclassification has resulted in changes as presented below for the comparative figures of nine months ended 30 September 2019 to maintain consistency. Such reclassifications have not resulted in change in last year's reported profit and equity.

	30 September 2019 (as previously reported) RO	Reclassification RO	30 September 2019 (as reported) RO
Premiums and insurance balances receivable	67,922,722	8,232,602	76,155,324
Other receivables and prepayments	6,546,092	4,230,610	10,776,702
Other liabilities	(21,113,454)	(12,463,212)	(33,576,666)

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25 Prior period adjustments (continued)

The Group has reclassified the following for the comparative figures of year ended 31 December 2019:

- (i) a subsidiary of the Group has reclassified the other receivable and other liabilities as at 31st December 2019 which is incorporated in the consolidated group figures for 31st December 2019.
- (ii) The Group has also reclassified discount receivable from medical providers from other liabilities to other receivables and prepayments for the comparative figures of 31 December 2019.

The above reclassification has resulted in changes as presented below for the comparative figures of year ended 31 December 2019 to maintain consistency. Such reclassifications have not resulted in change in last year's reported profit and equity.

	31 December 2019 (as previously reported) RO	Reclassification RO	31 December 2019 (as reported) RO
Other receivables and prepayments receivable	6,843,580	3,172,133	10,015,713
Other liabilities	(36,733,377)	(3,172,133)	(39,905,510)