

National General Insurance Co. (P.J.S.C.)

Condensed interim financial statements

For the nine month period ended 30 September 2017

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For the nine month period ended 30 September 2017

| <i>Contents</i> | <i>Page</i> |
|--|--------------------|
| Independent auditors' review report | 1 - 2 |
| Condensed interim statement of financial position | 3 |
| Condensed interim statement of profit or loss | 4 |
| Condensed interim statement of profit or loss and other comprehensive income | 5 |
| Condensed interim statement of changes in shareholders' equity | 6 |
| Condensed interim statement of cash flows | 7 |
| Notes to the condensed interim financial statements | 8 - 14 |



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Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholders of National General Insurance Co. (P.J.S.C.)

Introduction

We have reviewed the accompanying 30 September 2017 condensed interim financial information of National General Insurance Co. (P.J.S.C.) (the "Company"), which comprises:

- the condensed interim statement of financial position as at 30 September 2017;
- the condensed interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2017;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017;
- the condensed interim statement of changes in shareholder's equity for the nine-month period ended 30 September 2017;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2017; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review


We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited




Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 30 OCT 2017


National General Insurance Co. (P.J.S.C.)
Condensed interim statement of financial position
as at 30 September 2017

| | | (Un-audited) 30 September 2017 | (Audited) 31 December 2016 |
|--|------|-----------------------------------|-------------------------------|
| | Note | AED | AED |
| ASSETS | | | |
| Property and equipment | | 33,146,436 | 33,577,221 |
| Intangible assets | | 1,283,444 | 1,671,597 |
| Investment properties | | 227,277,827 | 227,277,827 |
| Investment securities | 8 | 233,965,189 | 226,906,252 |
| Reinsurance assets | | 280,466,231 | 341,884,997 |
| Insurance and other receivables | | 182,840,622 | 176,270,051 |
| Cash and bank balances | | 285,613,278 | 247,254,414 |
| Total assets | | 1,244,593,027 | 1,254,842,359 |
| LIABILITIES | | | |
| Insurance contract provisions | | 529,348,175 | 575,909,907 |
| Insurance and other payables | | 216,912,043 | 193,868,859 |
| Payable to policyholders of unit-linked products | 10 | 44,426,591 | 37,195,602 |
| Total liabilities | | 790,686,809 | 806,974,368 |
| EQUITY | | | |
| Share capital | | 149,954,112 | 149,954,112 |
| Legal reserve | | 73,143,606 | 73,143,606 |
| General reserve | | 72,527,620 | 72,527,620 |
| Fair value reserve | | 162,996 | 356,121 |
| Retained earnings | | 158,117,884 | 151,886,532 |
| Total equity | | 453,906,218 | 447,867,991 |
| Total liabilities and equity | | 1,244,593,027 | 1,254,842,359 |

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

These condensed interim financial statements were authorised for issue and approved by the Board on 30 OCT 2017 and signed on its behalf by :


H.E Hamad Mubarak Buamim
Chairman


Dr. Abdul Zahra A. Ali
CEO

The independent auditors' review report is set out on pages 1 - 2.

National General Insurance Co. (P.J.S.C.)

Condensed interim statement of profit or loss

For the nine month period ended 30 September 2017

| | | (Un-audited) For the three- month period ended 30 September 2017 AED | (Un-audited) For the three- month period ended 30 September 2016 AED | (Un-audited) For the nine- month period ended 30 September 2017 AED | (Un-audited) For the nine- month period ended 30 September 2016 AED |
|---|-----|--|--|---|---|
| Gross written premium | 9 | 149,202,709 | 165,000,963 | 454,124,496 | 424,300,991 |
| Reinsurance ceded | | <u>(79,700,872)</u> | <u>(91,163,420)</u> | <u>(238,739,702)</u> | <u>(227,677,543)</u> |
| Net premium | | 69,501,837 | 73,837,543 | 215,384,794 | 196,623,448 |
| Change in unearned premium provision | | <u>4,142,591</u> | <u>(6,723,044)</u> | <u>(8,759,193)</u> | <u>21,524,900</u> |
| Net earned premiums | 9 | 73,644,428 | 67,114,499 | 206,625,601 | 218,148,348 |
| Reinsurance commission | | <u>9,301,480</u> | <u>13,512,937</u> | <u>26,299,749</u> | <u>31,406,674</u> |
| Net underwriting income | 9 | 82,945,908 | 80,627,436 | 232,925,350 | 249,555,022 |
| Claims paid | | <u>(93,837,368)</u> | <u>(87,237,643)</u> | <u>(315,417,656)</u> | <u>(253,317,627)</u> |
| Reinsurance share | | <u>53,893,647</u> | <u>41,667,062</u> | <u>191,799,617</u> | <u>97,460,990</u> |
| Net claims paid | | (39,943,721) | (45,570,581) | (123,618,039) | (155,856,637) |
| Change in outstanding claims provision | | <u>(3,449,016)</u> | <u>(1,054,439)</u> | <u>821,657</u> | <u>5,602,411</u> |
| Net incurred claims | 9 | (43,392,737) | (46,625,020) | (122,796,382) | (150,254,226) |
| Commission incurred | | <u>(17,408,779)</u> | <u>(15,000,871)</u> | <u>(43,118,881)</u> | <u>(43,454,565)</u> |
| Administrative expenses | | <u>(11,540,622)</u> | <u>(11,721,430)</u> | <u>(34,435,999)</u> | <u>(36,075,158)</u> |
| Net underwriting expenses | | (72,342,138) | (73,347,321) | (200,351,262) | (229,783,949) |
| Movement in life assurance fund and payable to policyholders of unit linked products | 9 | (5,463,182) | (1,861,468) | (14,150,488) | (8,991,911) |
| Increase in fair value of investment held for unit linked products | | <u>1,994,659</u> | <u>2,497,899</u> | <u>6,596,195</u> | <u>4,663,428</u> |
| Total underwriting expense | | (75,810,661) | (72,710,890) | (207,905,555) | (234,112,432) |
| Underwriting profit | 9 | 7,135,247 | 7,916,546 | 25,019,795 | 15,442,590 |
| Interest and other income (net) | | <u>3,359,374</u> | <u>2,359,194</u> | <u>12,720,591</u> | <u>10,081,681</u> |
| Net income from investment securities | 8.4 | <u>305,209</u> | <u>1,810,088</u> | <u>(2,294,068)</u> | <u>5,633,095</u> |
| Administrative expenses | | <u>(2,188,343)</u> | <u>(2,219,956)</u> | <u>(9,695,261)</u> | <u>(9,997,830)</u> |
| Profit for the period | | 8,611,487 | 9,865,872 | 25,751,057 | 21,159,536 |
| Basic and diluted earnings per share | | <u>0.06</u> | <u>0.07</u> | <u>0.17</u> | <u>0.14</u> |

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on pages 1 - 2.

National General Insurance Co. (P.J.S.C.)

Condensed interim statement of profit or loss and other comprehensive income

For the nine month period ended 30 September 2017

| | (Un-audited) For the three- month period ended 30 September 2017 AED | (Un-audited) For the three- month period ended 30 September 2016 AED | (Un-audited) For the nine- month period ended 30 September 2017 AED | (Un-audited) For the nine- month period ended 30 September 2016 AED |
|--|---|--|--|---|
| Profit for the period | 8,611,487 | 9,865,872 | 25,751,057 | 21,159,536 |
| Other comprehensive income | | | | |
| <i>Items that will not be classified to profit or loss:</i> | | | | |
| Net change in fair value of investments at fair value through other comprehensive income | 301,994 | 200,972 | (193,125) | 719,987 |
| Total other comprehensive income | 301,994 | 200,972 | (193,125) | 719,987 |
| Total comprehensive income for the period | 8,913,481 | 10,066,844 | 25,557,932 | 21,879,523 |

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on pages 1 - 2.

National General Insurance Co. (P.J.S.C.)

Condensed interim statement of changes in shareholders' equity (Un-audited)

For the nine month period ended 30 September 2017

| | Attributable to equity holders of the Company | | | | | |
|--|---|-------------------------|---------------------------|------------------------------|-----------------------------|--------------------|
| | Share Capital AED | Legal reserve AED | General reserve AED | Fair value reserve AED | Retained earnings AED | Total AED |
| Balance at 1 January 2016 | 149,954,112 | 70,299,878 | 69,683,892 | (100,545) | 145,267,236 | 435,104,573 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 21,159,536 | 21,159,536 |
| Other comprehensive income for the period | | | | | | |
| Net change in fair value of investments FVTOCI | - | - | - | 719,987 | - | 719,987 |
| Total other comprehensive income for the period | - | - | - | 719,987 | - | 719,987 |
| Total comprehensive income for the period | - | - | - | 719,987 | 21,159,536 | 21,879,523 |
| Director's remuneration | - | - | - | - | (1,130,526) | (1,130,526) |
| Dividends paid | - | - | - | - | (15,000,000) | (15,000,000) |
| As at 30 Sept 2016 | 149,954,112 | 70,299,878 | 69,683,892 | 619,442 | 150,296,246 | 440,853,570 |
| Balance at 1 January 2017 | 149,954,112 | 73,143,606 | 72,527,620 | 356,121 | 151,886,532 | 447,867,991 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 25,751,057 | 25,751,057 |
| Other comprehensive income for the period | | | | | | |
| Net change in fair value of investments FVTOCI | - | - | - | (193,125) | - | (193,125) |
| Total other comprehensive income for the period | - | - | - | (193,125) | - | (193,125) |
| Total comprehensive income for the period | - | - | - | (193,125) | 25,751,057 | 25,557,932 |
| Director's remuneration | - | - | - | - | (1,525,212) | (1,525,212) |
| Dividends paid | - | - | - | - | (17,994,493) | (17,994,493) |
| As at 30 September 2017 | 149,954,112 | 73,143,606 | 72,527,620 | 162,996 | 158,117,884 | 453,906,218 |

National General Insurance Co. (P.J.S.C.)

Condensed interim statement of cash flows

For the nine month period ended 30 September 2017

| | (Un-audited) For the nine-month period ended 30 September 2017 AED | (Un-audited) For the nine-month period ended 30 September 2016 AED |
|--|---|---|
| Cash flows from operating activities | | |
| Net profit for the period | 25,751,057 | 21,159,536 |
| <i>Adjustment for:</i> | | |
| Depreciation and amortisation | 2,790,155 | 2,766,121 |
| Dividend income | (2,951,092) | (2,177,271) |
| Realised gains on investments fair valued through profit or loss | (2,070,368) | (2,787,968) |
| Unrealised loss / (gain) on investments fair valued through profit or loss | 4,364,437 | (2,845,127) |
| Realised loss on sale of property and equipment | - | 1,443 |
| Change in unearned premium reserve and life assurance fund | 15,678,691 | (15,483,310) |
| Provision for gratuity – net of repayment | (1,054,811) | - |
| | <u>42,508,069</u> | <u>633,424</u> |
| Change in insurance and other receivables (including related parties) | (6,570,571) | (19,275,227) |
| Change in insurance and other payables | 24,097,995 | 45,270,708 |
| Change in net outstanding claims | (821,657) | (5,602,411) |
| Directors' remuneration paid | (1,525,212) | (1,130,526) |
| <i>Net cash generated from operating activities</i> | <u>57,688,624</u> | <u>19,895,968</u> |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (1,971,217) | (842,967) |
| Purchase of investments fair valued through profit or loss | (40,784,866) | (55,551,152) |
| Purchase of investments at amortised cost | (9,192,500) | - |
| Proceeds from sale of investments fair valued through profit or loss | 47,662,224 | 67,381,091 |
| Proceeds from sale of investments at amortised cost | - | 408,900 |
| Proceeds from sale of intangible assets | - | 1,456 |
| Dividend income | 2,951,092 | 2,177,271 |
| Change in bank deposits | (31,637,666) | (67,372,625) |
| <i>Net cash used in investing activities</i> | <u>(32,972,933)</u> | <u>(53,798,026)</u> |
| Cash flows from financing activities | | |
| Dividends paid | (17,994,493) | (15,000,000) |
| <i>Net cash used in financing activities</i> | <u>(17,994,493)</u> | <u>(15,000,000)</u> |
| Net increase / (decrease) in cash and cash equivalents | 6,721,198 | (48,902,058) |
| Cash and cash equivalents at the beginning of the period | <u>55,416,004</u> | <u>107,616,467</u> |
| Cash and cash equivalents at the end of the period | <u>62,137,202</u> | <u>58,714,409</u> |
| These comprise the following: | | |
| Cash in hand | 235,792 | 117,725 |
| Cash at bank | 61,901,410 | 58,596,684 |
| Fixed deposits | 223,476,076 | 165,177,625 |
| Total | <u>285,613,278</u> | <u>223,892,034</u> |
| Less: deposits with original maturities of greater than three months | <u>(223,476,076)</u> | <u>(165,177,625)</u> |
| Cash and cash equivalents as at 30 September | <u>62,137,202</u> | <u>58,714,409</u> |

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

The independent auditors' review report is set out on pages 1 - 2.

National General Insurance Co. (P.J.S.C.)

Notes

(forming part of the condensed interim financial statements)

1. Legal status and principal activities

National General Insurance Co. (P.J.S.C) (“the Company”) was originally incorporated as a Private Limited Liability Company on 19 November 1980. Subsequently the Company was converted to a Public Joint Stock Company with effect from 12 September 2001.

The Company is registered under UAE Federal Law No. 2 of 2015 in the Emirate of Dubai and underwrites all classes of life and general insurance business as well as certain reinsurance business in accordance with the provisions of the UAE Federal Law no. 6

The registered office of the Company is at the NGI House, P.O. Box 154, Dubai, UAE.

2. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of UAE Federal Law No. 2 of 2015. They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual audited financial statements as at and for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company has complied with the applicable provisions of UAE Federal Law No. 2 of 2015 as at 30 September 2017. Accordingly, the legal name of the Company has been changed from “National General Insurance Co. (P.S.C.)” to “National General Insurance Co. (P.J.S.C)”.

Under Federal Law No 6 of 2007, relating to Establishment of Insurance Authority and Regulation of Insurance Operations, a new financial regulation for insurance companies was issued on 28 January 2015. The financial regulation provided an alignment period to the Insurance companies between one to three years from the publication of financial regulation in Public Gazette from 29 January 2015 to align the operations to the covenants of the regulations therein. The Company is in the process of aligning the operations with the requirement of the regulations and will be fully aligned before the deadline for alignment period.

b) Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except for the following which are measured at fair value :

- i) financial instruments at fair value through profit or loss ("FVTPL");
- ii) financial instruments at fair value through other comprehensive income ("FVTOCI") ; and
- iii) investment properties.

c) Functional & presentation currency

These condensed interim financial statements have been prepared in United Arab Emirates Dirham (AED), which is the Company’s functional currency.

d) Use of estimates and judgements

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on a ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

National General Insurance Co. (P.J.S.C.)

Notes (continued)

2. Basis of preparation *(continued)*

d) Use of estimates and judgements *(continued)*

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2016.

3. Summary of significant accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the Company's annual audited financial statements for the year ended 31 December 2016.

4. Financial risk management

Aspects of the Company's financial risk management objectives and policies and procedures are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2016.

5. Interim measurement

The nature of the Company's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed interim financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

6. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

a) The following are the details of transactions with related parties:

| | (Un-audited) For the nine-month period ended 30 September 2017 AED | (Un-audited) For the nine-month period ended 30 September 2016 AED |
|--|---|---|
| Key management personnel compensation | | |
| Remuneration and short term benefits | 5,164,758 | 5,330,813 |
| End of service benefits | 152,402 | 463,130 |
| Other related parties | | |
| Premiums underwritten | 52,047,492 | 50,918,011 |
| Claims paid | 28,433,966 | 26,277,260 |
| Dividends paid | 15,386,696 | 12,822,247 |
| Interest income | 349,812 | 1,069,655 |
| | (Un-audited) 30 September 2017 AED | (Audited) 30 September 2016 AED |
| b) Due from related parties | | |
| Insurance premium receivable (included in receivables) | 14,386,063 | 21,956,675 |

National General Insurance Co. (P.J.S.C.)

Notes (continued)

| | (Un-audited) 30 September 2017 AED | (Audited) 30 September 2016 AED |
|--|---|--|
| 6. Related party transactions (continued) | | |
| c) Due to related parties | | |
| Payable to related party (included in payable) | <u>1,113,924</u> | <u>2,462,346</u> |
| d) Cash and cash equivalents | | |
| Cash at bank | <u>32,761,285</u> | <u>33,744,458</u> |
| Short term deposit | <u>59,292,175</u> | <u>58,408,986</u> |

7. Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities and their fair values:

At 30 September 2017 (Un-audited)

| <u>Financial assets</u> | FVTPL AED | FVTOCI AED | Amortised cost AED | Total AED |
|---------------------------------|--------------------|-------------------|-----------------------|--------------------|
| Investment securities | 164,998,713 | 44,773,976 | 24,192,500 | 233,965,189 |
| Insurance and other receivables | - | - | 170,095,680 | 170,095,680 |
| Cash and cash equivalents | - | - | 285,613,278 | 285,613,278 |
| | <u>164,998,713</u> | <u>44,773,976</u> | <u>479,901,458</u> | <u>689,674,147</u> |

Financial liabilities

| | | | | |
|--|-------------------|----------|--------------------|--------------------|
| Insurance and other payables | - | - | 211,626,565 | 211,626,565 |
| Payable to policyholders of unit-linked products | 44,426,591 | - | - | 44,426,591 |
| | <u>44,426,591</u> | <u>-</u> | <u>211,626,565</u> | <u>256,053,156</u> |

At 31 December 2016 (Audited)

| <u>Financial assets</u> | FVTPL AED | FVTOCI AED | Amortised cost AED | Total AED |
|---------------------------------|--------------------|-------------------|-----------------------|--------------------|
| Investment securities | 166,931,334 | 44,974,918 | 15,000,000 | 226,906,252 |
| Insurance and other receivables | - | - | 161,835,937 | 161,835,937 |
| Cash and cash equivalents | - | - | 247,254,414 | 247,254,414 |
| | <u>166,931,334</u> | <u>44,974,918</u> | <u>424,090,351</u> | <u>635,996,603</u> |

Financial liabilities

| | | | | |
|--|-------------------|----------|--------------------|--------------------|
| Insurance and other payables | - | - | 182,005,434 | 182,005,434 |
| Payable to policyholders of unit-linked products | 37,195,602 | - | - | 37,195,602 |
| | <u>37,195,602</u> | <u>-</u> | <u>182,005,434</u> | <u>219,201,036</u> |

National General Insurance Co. (P.J.S.C.)

Notes (continued)

8. Investment securities

| | (Un-audited) | (Audited) |
|---|--------------------|--------------------|
| | 30 September 2017 | 31 December 2016 |
| | AED | AED |
| Financial assets at fair value through profit or loss | 164,998,713 | 166,931,334 |
| Financial assets at fair value through other comprehensive income | 44,773,976 | 44,974,918 |
| Financial assets at amortised cost | 24,192,500 | 15,000,000 |
| | <u>233,965,189</u> | <u>226,906,252</u> |

8.1 Investments fair valued through profit or loss

| | (Un-audited) | (Audited) |
|--|--------------------|--------------------|
| | 30 September 2017 | 31 December 2016 |
| | AED | AED |
| Equity investments - quoted | 75,627,600 | 74,306,519 |
| Fixed income investments / bonds - quoted | 44,944,522 | 55,429,213 |
| Investments on behalf of policyholders of unit-linked products | 44,426,591 | 37,195,602 |
| Total | <u>164,998,713</u> | <u>166,931,334</u> |

8.2 Investments - Geographic concentration

| | (Un-audited) | (Audited) |
|--------------------|--------------------|--------------------|
| | 30 September 2017 | 31 December 2016 |
| | AED | AED |
| Investments made : | | |
| - Within U.A.E. | 217,928,643 | 200,162,233 |
| - Outside U.A.E. | 16,036,546 | 26,744,019 |
| | <u>233,965,189</u> | <u>226,906,252</u> |

8.3 Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised :

| Investment Securities | Level 1 AED | Level 2 AED | Level 3 AED | Total AED |
|--|--------------------|----------------|----------------|--------------------|
| At 30 September 2017 (Un-audited) | | | | |
| FVTPL | 164,998,713 | - | - | 164,998,713 |
| FVTOCI | 44,773,976 | - | - | 44,773,976 |
| | <u>209,772,689</u> | <u>-</u> | <u>-</u> | <u>209,772,689</u> |
| 31 December 2016 (Audited) | | | | |
| FVTPL | 166,931,334 | - | - | 166,931,334 |
| FVTOCI | 44,974,918 | - | - | 44,974,918 |
| | <u>211,906,252</u> | <u>-</u> | <u>-</u> | <u>211,906,252</u> |

8.4 Net income from investment securities

| | (Un-audited) | (Un-audited) |
|---|---|---|
| | For the nine-month period ended 30 September 2017 | For the nine-month period ended 30 September 2016 |
| | AED | AED |
| Realised gain on disposal of investments | 2,070,368 | 2,787,968 |
| Revaluation of investments fair valued through profit or loss | (4,364,436) | 2,845,127 |
| | <u>(2,294,068)</u> | <u>5,633,095</u> |

National General Insurance Co. (P.J.S.C.)

Notes (continued)

9. Segment information

Primary segment information

For management purposes the Company is organised into two business segments, general insurance and life assurance (including group life). These segments are the basis on which the Company reports its primary segment information.

| | General insurance | | Life assurance | | Total | |
|--|---------------------------------|---------------|---------------------------------|--------------|---------------------------------|---------------|
| | For the nine-month period ended | | For the nine-month period ended | | For the nine-month period ended | |
| | 30 September | | 30 September | | 30 September | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | AED | AED | AED | AED | AED | AED |
| Profit or loss | | | | | | |
| Underwriting income | | | | | | |
| Gross written premium | 406,869,932 | 375,778,940 | 47,254,564 | 48,522,051 | 454,124,496 | 424,300,991 |
| Reinsurance ceded | (222,838,659) | (211,466,225) | (15,901,043) | (16,211,318) | (238,739,702) | (227,677,543) |
| Net premium | 184,031,273 | 164,312,715 | 31,353,521 | 32,310,733 | 215,384,794 | 196,623,448 |
| Change in unearned premium provision | (9,151,210) | 23,623,085 | 392,017 | (2,098,185) | (8,759,193) | 21,524,900 |
| Net earned premium | 174,880,063 | 187,935,800 | 31,745,538 | 30,212,548 | 206,625,601 | 218,148,348 |
| Reinsurance commission | 22,310,426 | 28,899,277 | 3,989,323 | 2,507,397 | 26,299,749 | 31,406,674 |
| Net underwriting income | 197,190,489 | 216,835,077 | 35,734,861 | 32,719,945 | 232,925,350 | 249,555,022 |
| Underwriting expenses | | | | | | |
| Net incurred claims | (99,441,075) | (128,764,747) | (23,355,307) | (21,489,479) | (122,796,382) | (150,254,226) |
| Commission incurred | (39,981,478) | (39,516,962) | (3,137,403) | (3,937,603) | (43,118,881) | (43,454,565) |
| Administrative expenses | (29,937,386) | (30,999,813) | (4,498,613) | (5,075,345) | (34,435,999) | (36,075,158) |
| Net underwriting expense | (169,359,939) | (199,281,522) | (30,991,323) | (30,502,427) | (200,351,262) | (229,783,949) |
| Profit before movement in life assurance fund | 27,830,550 | 17,553,555 | 4,743,538 | 2,217,518 | 32,574,088 | 19,771,073 |
| Movement in life assurance fund and payable to participants of unit linked product | - | - | (14,150,488) | (8,991,911) | (14,150,488) | (8,991,911) |
| Increase in fair value of investment held for unit linked products | - | - | 6,596,195 | 4,663,428 | 6,596,195 | 4,663,428 |
| Underwriting profit for the period | 27,830,550 | 17,553,555 | (2,810,755) | (2,110,965) | 25,019,795 | 15,442,590 |
| Income from investments | | | | | 10,426,523 | 15,714,776 |
| Unallocated expenses | | | | | (9,695,261) | (9,997,830) |
| Profit for the period | | | | | 25,751,057 | 21,159,536 |

National General Insurance Co. (P.J.S.C.)

Notes (continued)

9. Segment information (continued)

Primary segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information

| | General insurance | | Life assurance | | Total | |
|--|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | 30 September 2017 AED | 31 December 2016 AED | 30 September 2017 AED | 31 December 2016 AED | 30 September 2017 AED | 31 December 2016 AED |
| ASSETS | | | | | | |
| Property and equipment | 32,298,278 | 32,729,063 | 848,158 | 848,158 | 33,146,436 | 33,577,221 |
| Intangible assets | 1,283,444 | 1,671,597 | - | - | 1,283,444 | 1,671,597 |
| Investment properties | 184,277,827 | 227,277,827 | 43,000,000 | - | 227,277,827 | 227,277,827 |
| Investments securities | 129,252,673 | 138,672,770 | 104,712,516 | 88,233,482 | 233,965,189 | 226,906,252 |
| Reinsurance assets | 270,215,110 | 329,232,722 | 10,251,121 | 12,652,275 | 280,466,231 | 341,884,997 |
| Insurance and other receivables | 217,606,389 | 168,841,453 | (34,765,767) | 7,428,598 | 182,840,622 | 176,270,051 |
| Cash and bank balances | 256,629,775 | 216,857,238 | 28,983,503 | 30,397,176 | 285,613,278 | 247,254,414 |
| Total assets | 1,091,563,496 | 1,115,282,670 | 153,029,531 | 139,559,689 | 1,244,593,027 | 1,254,842,359 |
| LIABILITIES | | | | | | |
| Insurance contract provisions | 435,586,385 | 485,391,344 | 93,761,790 | 90,518,563 | 529,348,175 | 575,909,907 |
| Insurance and other payables | 212,712,001 | 187,416,055 | 4,200,042 | 6,452,804 | 216,912,043 | 193,868,859 |
| Payable to policyholders of unit linked products | - | - | 44,426,591 | 37,195,602 | 44,426,591 | 37,195,602 |
| Total liabilities | 648,298,386 | 672,807,399 | 142,388,423 | 134,166,969 | 790,686,809 | 806,974,368 |
| EQUITY | | | | | | |
| Share capital | - | - | - | - | 149,954,112 | 149,954,112 |
| Legal reserve | - | - | - | - | 73,143,606 | 73,143,606 |
| General reserve | - | - | - | - | 72,527,620 | 72,527,620 |
| Fair value reserve | - | - | - | - | 162,996 | 356,121 |
| Retained earnings | - | - | - | - | 158,117,884 | 151,886,532 |
| Total equity | - | - | - | - | 453,906,218 | 447,867,991 |
| Total liabilities and equity | | | | | 1,244,593,027 | 1,254,842,359 |

National General Insurance Co. (P.J.S.C.)

Notes (continued)

10. Payable to policyholders of unit-linked products

Movement during the period:

| | (Un-audited) 30 September 2017 AED | (Audited) 31 December 2016 AED |
|--|--|--------------------------------------|
| As at 1 January | 37,195,602 | 36,634,723 |
| Amount invested by policyholders | 9,683,739 | 7,199,689 |
| Amount withdrawn at redemption stage/lapse/surrender by policyholder | (9,048,945) | (9,506,773) |
| Change in fair value | 6,596,195 | 2,867,963 |
| Balance as at 30 September / 31 December | <u>44,426,591</u> | <u>37,195,602</u> |

11. Contingent liabilities and commitments

Capital commitments

Capital commitments as at 30 September 2017 amounted to AED nil (31 December 2016: nil).

Guarantees

| | (Un-audited) 30 September 2017 AED | (Audited) 31 December 2016 AED |
|-----------------------|--|--------------------------------------|
| Letters of guarantees | <u>9,855,855</u> | <u>9,836,234</u> |

Fixed deposits amounting to AED 15.7 million (31 December 2016: AED 15.4 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 7.5 million (31 December 2016: AED 7.5 million) favoring the Ministry of Economy and Commerce.

Contingent liabilities

The Company, in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.