

**NATIONAL GENERAL  
INSURANCE CO. (P.J.S.C.)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**31 MARCH 2021 (UNAUDITED)**

National General Insurance Co. (P.J.S.C.)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
For the three month period ended 31 March 2021

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<b>Contents</b>	<b>Pages</b>
<b>Independent auditor's review report</b>	<b>1</b>
<b>Interim statement of financial position</b>	<b>2</b>
<b>Interim statement of profit or loss</b>	<b>3</b>
<b>Interim statement of comprehensive income</b>	<b>4</b>
<b>Interim statement of changes in equity</b>	<b>5</b>
<b>Interim statement of cash flows</b>	<b>6</b>
<b>Notes to the condensed interim financial statements</b>	<b>7 – 19</b>

## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)**

### ***Introduction***

We have reviewed the accompanying condensed interim statement financial statements of National General Insurance Co. (P.J.S.C.) (the “Company”), which comprise the interim statement of financial position as at 31 March 2021, and the related interim statements of profit or loss and comprehensive income, statement of changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### ***Scope of review***

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

### ***Other Matters***

The condensed interim financial statements of the Company as of March 2020 were reviewed by another auditor whose report dated 10 May 2020 expressed an unmodified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2020, were audited by another auditor whose report dated 14 February 2021 expressed an unmodified opinion on those financial statements.

For Ernst & Young



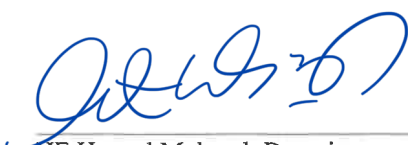
Signed by:  
Ashraf Abu-Sharkh  
Partner  
Registration No. 690


10 May 2021

Dubai, United Arab Emirates

National General Insurance Co. (P.J.S.C.)  
 INTERIM STATEMENT OF FINANCIAL POSITION  
 As at 31 March 2021 (Unaudited)

	<i>Notes</i>	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
<b>ASSETS</b>			
Property and equipment	4	25,461,624	25,693,406
Intangible assets		3,284,939	2,806,035
Investment properties	5	180,804,595	180,804,595
Investment securities	6	249,942,103	267,025,960
Investments on behalf of policyholders of unit-linked products		46,790,160	47,406,148
Reinsurance contract assets	7	377,766,893	353,632,724
Insurance and other receivables	8	202,161,328	203,970,443
Fixed deposits	9	262,208,374	79,908,538
Bank balances and cash	9	83,131,621	226,062,235
<b>TOTAL ASSETS</b>		<b>1,431,551,637</b>	<b>1,387,310,084</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	149,954,112	149,954,112
Retained earnings		183,219,634	186,260,074
Legal reserve	11	74,977,056	74,977,056
General reserve	12	74,977,056	74,977,056
Reinsurance reserve		83,123	83,123
Cumulative change in fair value of investments in FVOCI		2,329,490	4,124,588
<b>Total equity</b>		<b>485,540,471</b>	<b>490,376,009</b>
<b>Liabilities</b>			
Provision for end of service indemnity		11,716,501	12,432,468
Insurance contract liabilities	7	659,254,624	623,896,421
Insurance and other payables	13	219,090,474	206,392,911
Payable to policyholders of unit-linked products	14	46,790,160	47,406,148
Bank borrowings		9,159,407	6,806,127
<b>Total liabilities</b>		<b>946,011,166</b>	<b>896,934,075</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,431,551,637</b>	<b>1,387,310,084</b>

  
 HE Hamad Mubarak Buamim  
 Chairman

  
 Dr. Abdul Zahra A. Ali  
 Chief Executive Officer

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

INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2021 (Unaudited)

	<i>Three months period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Gross written premium	<b>153,839,835</b>	178,882,583
Reinsurance ceded	<b>(78,787,281)</b>	(91,201,731)
Net premium	<b>75,052,553</b>	87,680,852
Change in unearned premium / unexpired risk	<b>(5,526,047)</b>	(22,949,328)
<b>Net earned premiums</b>	<b>69,526,506</b>	64,731,524
Reinsurance commission earned	<b>11,923,119</b>	11,903,417
<b>Net underwriting income</b>	<b>81,449,625</b>	76,634,941
Claims paid	<b>(72,335,098)</b>	(78,642,674)
Reinsurance share of claims paid	<b>33,483,825</b>	34,456,960
<b>Net claims paid</b>	<b>(38,851,273)</b>	(44,185,714)
Change in net outstanding claims and claims incurred but not reported	<b>(5,467,160)</b>	(6,645,713)
<b>Net incurred claims</b>	<b>(44,318,433)</b>	(50,831,427)
Commission incurred	<b>(13,433,172)</b>	(6,273,087)
Administrative expenses	<b>(11,461,123)</b>	(17,244,234)
<b>Net underwriting expenses</b>	<b>(69,212,728)</b>	(74,348,748)
Movement in life assurance fund and payable to policyholders of unit linked products	<b>385,161</b>	9,516,705
Increase/ (decrease) in fair value of investment held for unit linked products	<b>1,688,885</b>	(8,446,287)
Net income from investment securities - life	<b>1,140,808</b>	893,172
<b>Total underwriting expenses</b>	<b>(65,997,874)</b>	(72,385,158)
<b>Underwriting profit</b>	<b>15,451,751</b>	4,249,783
Income from investment properties (net)	<b>1,039,457</b>	1,092,420
Net income/ (loss) from investment securities and deposits	<b>10,037,439</b>	(17,102,641)
Administrative expenses	<b>(3,675,970)</b>	(4,089,479)
<b>Profit/ (loss) for the period</b>	<b>22,852,677</b>	(15,849,917)
<b>Basic and diluted earnings/ (loss) per share (Note 15)</b>	<b>0.15</b>	(0.11)

The accompanying notes 1 to 23 form an integral part of these condensed interim financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2021 (Unaudited)

	<i>Three months period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Profit/ (loss) for the period	<u>22,852,677</u>	<u>(15,849,917)</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that will not be Reclassified to profit or loss in subsequent periods</i>		
Net changes in fair value of investments at fair value through other comprehensive income (FVOCI)	<u>(1,795,098)</u>	<u>(42,336)</u>
<b>Total other comprehensive loss for the period</b>	<u>(1,795,098)</u>	<u>(42,336)</u>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>	<u><u>21,057,579</u></u>	<u><u>(15,892,253)</u></u>

The accompanying notes 1 to 23 form an integral part of these condensed interim financial statements.

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

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Unaudited)

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>General reserve AED</i>	<i>Cumulative change in fair value Reinsurance reserve AED</i>	<i>of investments in FVOCI AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 31 December 2019 (audited)	149,954,112	74,977,056	74,977,056	-	254,852	156,975,776	457,138,852
Total comprehensive income for the period	-	-	-	-	(42,336)	(15,849,917)	(15,892,253)
Directors' remuneration (Note 18)	-	-	-	-	-	(1,745,850)	(1,745,850)
Dividends declared (Note 18)	-	-	-	-	-	(14,995,411)	(14,995,411)
Balance at 31 March 2020 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>-</u>	<u>212,516</u>	<u>124,384,598</u>	<u>424,505,338</u>
Balance at 31 December 2020 (audited)	149,954,112	74,977,056	74,977,056	83,123	4,124,588	186,260,074	490,376,009
Total comprehensive loss for the period	-	-	-	-	(1,795,098)	22,852,677	21,057,579
Directors' remuneration (Note 18)	-	-	-	-	-	(3,400,000)	(3,400,000)
Dividends declared (Note 18)	-	-	-	-	-	(22,493,117)	(22,493,117)
<b>Balance at 31 March 2021 (unaudited)</b>	<u><b>149,954,112</b></u>	<u><b>74,977,056</b></u>	<u><b>74,977,056</b></u>	<u><b>83,123</b></u>	<u><b>2,329,490</b></u>	<u><b>183,219,634</b></u>	<u><b>485,540,471</b></u>

The accompanying notes 1 to 23 form an integral part of these condensed interim financial statements.

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

INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 (Unaudited)

	<i>Three months period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) for the period	22,852,677	(15,849,917)
Adjustments for:		
Depreciation and amortisation	598,546	525,241
Dividend income	(3,653,339)	(5,160,495)
Realised gains on investments in fair value through profit or loss (FVTPL)	(3,352,388)	(52,854)
Unrealised (gain)/ loss on investments in FVTPL	(2,189,623)	24,181,524
(Reversal)/ Provision for expected credit losses	(3,480,114)	2,279,172
Provision for end of service indemnity	399,632	518,512
Other investment income	(2,010,761)	(2,957,954)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>9,164,630</b>	<b>3,483,229</b>
Change in insurance and other receivables (including related parties)	5,309,459	(72,898,747)
Change in insurance and other payables	(9,795,553)	317,528
Change in unearned premium reserve and life assurance fund	5,756,874	13,432,623
Change in net outstanding claims	5,467,160	6,645,713
Employees' end of service indemnity paid	(1,115,599)	-
<b>Net cash from/ (used in) operating activities</b>	<b>14,786,971</b>	<b>(49,019,654)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment and intangible assets	(846,757)	(70,765)
Proceeds from disposal of property and equipment	1,088	-
Purchase of investments in FVTPL	(53,671,270)	(43,640,551)
Proceeds from sale of investments in FVTPL	75,097,798	16,816,164
Net movement in payable to policyholders' unit-linked products	(615,988)	-
Dividend income	3,653,339	5,160,495
Change in bank deposits	(182,299,836)	9,352,517
Interest and other income	2,010,761	2,957,954
Increase in bank borrowings	2,353,280	-
<b>Net cash used in investing activities</b>	<b>(154,317,585)</b>	<b>(9,424,186)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Directors' remuneration	(3,400,000)	(1,745,850)
<b>Net cash used in financing activity</b>	<b>(3,400,000)</b>	<b>(1,745,850)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(142,930,614)</b>	<b>(60,189,690)</b>
Cash and cash equivalents at the beginning of the period	226,062,235	104,674,208
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 9)</b>	<b>83,131,621</b>	<b>44,484,518</b>

The accompanying notes 1 to 23 form an integral part of these condensed interim financial statements.



## 1 GENERAL INFORMATION

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 of 2007 relating to the Establishment of Insurance Authority and Regulations of Insurance Operations. The Company is listed on Dubai Financial Market.

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

## 2 BASIS OF PREPARATION

### 2.1 BASIS OF PREPARATION

The condensed interim financial statements of the Company for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and also comply with the applicable requirements of the laws in the U.A.E. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These condensed interim financial statements do not include all the information and disclosures required for in the annual financial statements and should be read in conjunction with the Company’s audited annual financial statements as at and for the year ended 31 December 2020. In addition, results for the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The condensed interim financial statements are presented in U.A.E. Dirham (AED) since that is the currency in which the majority of the Company’s transactions are denominated.

The accounting policies, presentation and methods in this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2020.

#### **Changes in accounting estimates**

The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020.

#### **New standards, interpretations and amendments**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements.

## 4 PROPERTY AND EQUIPMENT

All property and equipment are located in U.A.E.

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

### 5 INVESTMENT PROPERTIES

Investment property includes two plots of land, and rented out portion of a commercial building within UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2021 (31 December 2020: Level 3).

### 6 INVESTMENT SECURITIES

The Company's investment securities at the end of reporting period are detailed below.

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Financial assets at fair value through profit or loss	<b>185,945,917</b>	201,220,783
Financial assets at fair value through other comprehensive income	<b>49,459,013</b>	51,230,028
Financial assets at amortised cost	<b>15,000,000</b>	15,000,000
Less: Provision for expected credit losses (ECL)	<b>(462,827)</b>	(424,851)
	<b><u>249,942,103</u></b>	<u>267,025,960</u>
<b>Investments securities – Geographic concentration</b>		
Investments made:		
- Within U.A.E.	<b>133,731,370</b>	188,672,877
- Outside U.A.E.	<b>116,210,733</b>	78,353,083
<b>Total</b>	<b><u>249,942,103</u></b>	<u>267,025,960</u>
<b>Financial assets at fair value through profit or loss</b>		
Equity investments – quoted	<b>88,279,937</b>	105,112,042
Equity investments – unquoted	<b>10,000,000</b>	10,000,000
Fixed income investments/ bonds – quoted	<b>87,665,980</b>	86,108,741
<b>Total</b>	<b><u>185,945,917</u></b>	<u>201,220,783</u>

Equity investments classified at fair value through profit or loss are designated in this category upon initial recognition.

Movements in provision for ECL are as follows:

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Balance at the beginning of the year	<b>424,851</b>	36,252
Charge during the year	<b>37,976</b>	388,599
<b>Balance at the end of the period/year</b>	<b><u>462,827</u></b>	<u>424,851</u>

**7 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS**

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
<b>Insurance contract liabilities</b>		
Claims reported unsettled	240,814,117	220,914,773
Claims incurred but not reported	99,113,877	94,065,912
Life assurance fund	90,428,417	82,195,192
Unearned premium and unexpired risk	228,898,213	226,720,544
<b>Total insurance contract liabilities, gross</b>	<b>659,254,624</b>	<b>623,896,421</b>
<b>Reinsurance contract assets</b>		
Recoverable from reinsurers		
Claims reported unsettled	192,855,769	177,527,617
Claims incurred but not reported	60,221,062	56,069,065
Life assurance fund	16,548,119	8,545,721
Unearned premium and unexpired risk	108,141,943	111,490,321
<b>Total reinsurers' share of insurance liabilities</b>	<b>377,766,893</b>	<b>353,632,724</b>
<b>Net</b>		
Claims reported unsettled	47,958,348	43,387,156
Claims incurred but not reported	38,892,815	37,996,847
Life assurance fund	73,880,298	73,649,471
Unearned premium and unexpired risk	120,756,270	115,230,223
	<b>281,487,731</b>	<b>270,263,697</b>

**8 INSURANCE AND OTHER RECEIVABLES**

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Premium receivables	38,925,110	35,920,581
Reinsurance companies	17,069,365	30,513,345
Insurance agents and brokers	107,837,991	100,800,944
Due from related parties	2,030,560	7,061,688
	<b>165,863,026</b>	<b>174,296,558</b>
Less: Provision for ECL	<b>(6,055,424)</b>	<b>(9,555,768)</b>
	<b>159,807,602</b>	<b>164,740,790</b>
Other receivables:		
Accrual of interest and other income	4,150,396	3,145,140
Deferred acquisition cost	21,826,021	24,066,325
Advances and prepayments	7,132,217	2,392,353
Others	9,245,092	9,625,835
	<b>202,161,328</b>	<b>203,970,443</b>

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

### 8 INSURANCE AND OTHER RECEIVABLES (continued)

Movement in provision for ECL are as follows:

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Balance at the beginning of the period/year	<b>9,555,768</b>	13,103,664
(Reversal)/ allowance made for the period/year	<b>(3,500,344)</b>	3,737,998
Written off during the year	-	(7,285,894)
<b>Balance at the end of the period/year</b>	<b>6,055,424</b>	9,555,768

No interest is charged on overdue balances and no collateral is taken on insurance receivables.

### 9 BANK BALANCES AND CASH

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Cash on hand	<b>65,065</b>	22,596
Cash with banks	<b>83,103,312</b>	226,081,397
Statutory deposit	<b>10,000,000</b>	10,000,000
Fixed deposits	<b>252,208,374</b>	69,908,538
Less: Provision for ECL	<b>(36,756)</b>	(41,758)
Total bank balances and cash	<b>345,339,995</b>	305,970,773
Less: Deposits with maturities greater than three months	<b>(262,208,374)</b>	(79,908,538)
Cash and cash equivalents	<b>83,131,621</b>	226,062,235

Fixed deposits amounting to AED 17.4 million (31 December 2020: AED 17 million) under lien are against letters of guarantee (Note 17).

In accordance with the requirements of Federal Law No. 6 of 2007, on Establishment of Insurance Authority of U.A.E. and Organisation of its operations, the Company maintains a bank deposit of AED 10,000,000 (31 December 2020: AED 10,000,000) as a statutory deposit. This deposit has been pledged to the Bank as security against a guarantee issued by the Bank in favour of the Ministry of Economy and Commerce (Note 17).

Movements in provision for ECL are as follows:

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Balance at the beginning of the period/year	<b>41,758</b>	105,371
Reversal during the period/year	<b>(5,002)</b>	(63,613)
<b>Balance at the end of the period/year</b>	<b>36,756</b>	41,758

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

### 10 SHARE CAPITAL

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
<i>Issued and fully paid</i> (149,954,112 ordinary shares of AED 1 each)	<b>149,954,112</b>	149,954,112

### 11 LEGAL RESERVE

In accordance with the Company's Articles of Association and UAE Federal Law No. 2 of 2015, the Company transfers 10% of annual net profits, if any, to the legal reserve until it equals 50% of the share capital.

### 12 GENERAL RESERVE

General reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilized for any other purpose unless approved by the Ordinary General Assembly. No transfer to voluntary reserve is made during the period ended 31 March 2021.

### 13 INSURANCE AND OTHER PAYABLES

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Creditors	<b>35,405,259</b>	44,926,847
Reinsurance companies	<b>59,805,670</b>	53,214,038
Premium reserve withheld	<b>58,968,563</b>	66,446,345
Dividends payable	<b>22,493,117</b>	-
Due to related parties	<b>298,959</b>	1,032,525
Deferred reinsurance commission	<b>17,371,344</b>	17,626,398
Accrued expenses	<b>12,165,714</b>	9,610,251
Commission payable	<b>1,373,850</b>	1,253,704
Other payable balances	<b>11,207,998</b>	12,282,803
	<b>219,090,474</b>	206,392,911

### 14 PAYABLE TO POLICYHOLDERS OF UNIT-LINKED PRODUCTS

*Movement during the period:*

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
As at 1 January	<b>47,406,148</b>	41,118,895
Amount invested by policyholders	<b>2,873,327</b>	11,411,850
Amount withdrawn at redemption stage/lapse/surrender by policyholder	<b>(5,178,200)</b>	(11,647,338)
Change in fair value	<b>1,688,885</b>	6,522,741
Payable to policyholders of unit-linked products	<b>46,790,160</b>	47,406,148

**15 BASIC AND DILUTED EARNINGS/ (LOSS) PER SHARE**

	<i>Three months period ended 31 March</i>	
	<i>2021 (unaudited) AED</i>	<i>2020 (unaudited) AED</i>
Profit/ (loss) for the period (in AED)	<u>22,852,677</u>	<u>(15,849,917)</u>
Number of shares	<u>149,954,112</u>	<u>149,954,112</u>
Basic and diluted earnings/ (loss) per share (in AED)	<u>0.15</u>	<u>(0.11)</u>

Basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) for the period by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings/ (loss) per share is equivalent to basic earnings/ (loss) per share as the Company did not issue any new instrument that would impact earnings per share when executed.

**16 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.

16.1 At the end of the reporting period, amounts due from/to related parties were as follows:

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
<b>Due from related parties</b>		
Insurance premium receivable	<u>2,030,560</u>	<u>7,061,688</u>
<b>Due to related parties</b>		
Insurance payable	<u>298,959</u>	<u>1,032,525</u>
<b>Cash and cash equivalents</b>		
Cash at bank	<u>74,427,537</u>	219,838,521
Short term deposit	<u>161,309,799</u>	30,174,711
	<u>235,737,336</u>	<u>250,013,232</u>

**16 RELATED PARTY TRANSACTIONS (continued)**

16.2 During the period, the Company entered into the following transactions with related parties:

	<i>Three months period ended 31 March</i>	
	<i>2021 (unaudited) AED</i>	<i>2020 (unaudited) AED</i>
<b>Key management personnel compensation</b>		
Remuneration and short term benefits	<b>1,622,363</b>	2,099,823
End of service benefits	<b>70,740</b>	167,398
<b>Other related parties</b>		
Premiums	<b>486,954</b>	7,465,201
Claims paid	<b>6,196,677</b>	7,580,617
Dividend	<b>14,302,752</b>	9,535,168
Interest income	<b>101,911</b>	1,092,520

**17 CONTINGENT LIABILITIES**

	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Letters of guarantee	<b>11,685,653</b>	12,077,287

Fixed deposits amounting to AED 17.4 million (31 December 2020: AED 17 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 10 million (31 December 2020: AED 10 million) favouring the Ministry of Economy and Commerce.

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

**18 DIVIDEND AND DIRECTORS' REMUNERATION**

At the Annual General Meeting held on 29 March 2021, the Shareholders approved a cash dividend of AED 22,493,117 at 0.15 dirhams per share for 2020 (2019: AED 14,995,411 at 0.10 dirhams per share). The Shareholders also approved Board of Directors' remuneration of AED 3,400,000 for 2020 (2020: AED 1,745,850 for 2019).

**19 SEGMENT INFORMATION**

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

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

19 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>For the three months</i>		<i>For the three months</i>		<i>For the three months</i>	
	<i>period ended 31 March</i>		<i>period ended 31 March</i>		<i>period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<b>Underwriting income</b>						
Gross written premium	<b>126,795,849</b>	161,762,213	<b>27,043,986</b>	17,120,370	<b>153,839,835</b>	178,882,583
Reinsurance ceded	<b>(63,186,501)</b>	(85,646,904)	<b>(15,600,781)</b>	(5,554,827)	<b>(78,787,281)</b>	(91,201,731)
<b>Net premium</b>	<b>63,609,348</b>	76,115,309	<b>11,443,205</b>	11,565,543	<b>75,052,553</b>	87,680,852
Change in unearned premium / unexpired risk	<b>(4,677,165)</b>	(21,638,578)	<b>(848,883)</b>	(1,310,750)	<b>(5,526,048)</b>	(22,949,328)
<b>Net earned premium</b>	<b>58,932,183</b>	54,476,731	<b>10,594,322</b>	10,254,793	<b>69,526,505</b>	64,731,524
Reinsurance commission earned	<b>10,175,887</b>	10,452,863	<b>1,747,232</b>	1,450,554	<b>11,923,119</b>	11,903,417
<b>Total underwriting income</b>	<b>69,108,070</b>	64,929,594	<b>12,341,554</b>	11,705,347	<b>81,449,624</b>	76,634,941
<b>Underwriting expenses</b>						
Net incurred claims	<b>(35,145,026)</b>	(39,012,599)	<b>(9,173,406)</b>	(11,818,828)	<b>(44,318,432)</b>	(50,831,427)
Commission incurred	<b>(11,306,606)</b>	(5,401,045)	<b>(2,126,566)</b>	(872,042)	<b>(13,433,172)</b>	(6,273,087)
Administrative expenses	<b>(10,058,945)</b>	(15,636,841)	<b>(1,402,178)</b>	(1,607,393)	<b>(11,461,123)</b>	(17,244,234)
<b>Net underwriting expenses</b>	<b>(56,510,577)</b>	(60,050,485)	<b>(12,702,150)</b>	(14,298,263)	<b>(69,212,727)</b>	(74,348,748)
Profit / (loss) before movement in life assurance fund	<b>12,597,493</b>	4,879,109	<b>(360,596)</b>	(2,592,916)	<b>12,236,897</b>	2,286,193
Movement in life assurance fund and payable to policyholders of unit linked products	-	-	<b>385,161</b>	9,516,705	<b>385,161</b>	9,516,705
Increase in fair value of investment held for unit linked products	-	-	<b>1,688,885</b>	(8,446,287)	<b>1,688,885</b>	(8,446,287)
Net income from investment securities - life	-	-	<b>1,140,808</b>	893,172	<b>1,140,808</b>	893,172
<b>Underwriting profit / (loss) for the period</b>	<b>12,597,493</b>	4,879,109	<b>2,854,259</b>	(629,326)	<b>15,451,751</b>	4,249,783
Interest and other income (net)					<b>1,039,457</b>	1,092,420
Net income from investment securities					<b>10,037,439</b>	(17,102,641)
Unallocated expenses					<b>(3,675,970)</b>	(4,089,479)
Profit/ (loss) for the period					<b>22,852,677</b>	(15,849,917)



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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

19 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>	<i>31 March 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>
<b>Assets</b>						
Property and equipment	25,461,624	25,693,406	-	-	25,461,624	25,693,406
Intangible assets	3,284,939	2,806,035	-	-	3,284,939	2,806,035
Investment properties	180,804,595	180,804,595	-	-	180,804,595	180,804,595
Investments securities	185,879,219	201,192,201	64,062,884	65,833,759	249,942,103	267,025,960
Investments on behalf of policyholders of unit-linked products	-	-	46,790,160	47,406,148	46,790,160	47,406,148
Reinsurance contract assets	336,765,371	321,299,398	41,001,522	32,333,326	377,766,893	353,632,724
Insurance and other receivables	186,104,303	187,002,288	16,057,025	16,968,155	202,161,328	203,970,443
Bank balances and cash	238,050,104	210,826,978	107,289,891	95,143,795	345,339,995	305,970,773
<b>Total assets</b>	<b>1,156,350,155</b>	<b>1,129,624,901</b>	<b>275,201,482</b>	<b>257,685,183</b>	<b>1,431,551,637</b>	<b>1,387,310,084</b>
<b>Liabilities</b>						
Insurance contract liabilities	535,387,691	509,789,335	123,866,933	114,107,086	659,254,624	623,896,421
Provision for end of service indemnity	11,716,501	12,432,468	-	-	11,716,501	12,432,468
Insurance and other payables	199,095,916	193,711,637	19,994,558	12,681,274	219,090,474	206,392,911
Bank borrowings	9,159,407	6,806,127	-	-	9,159,407	6,806,127
Payable to policyholders of unit linked products	-	-	46,790,160	47,406,148	46,790,160	47,406,148
<b>Total liabilities</b>	<b>755,359,515</b>	<b>722,739,567</b>	<b>190,651,651</b>	<b>174,194,508</b>	<b>946,011,166</b>	<b>896,934,075</b>
<b>Equity</b>						
Share capital					149,954,112	149,954,112
Legal reserve					74,977,056	74,977,056
General reserve					74,977,056	74,977,056
Reinsurance reserve					83,123	83,123
Cumulative change in fair value of investments in FVOCI					2,329,490	4,124,588
Retained earnings					183,219,634	186,260,074
<b>Total equity</b>					<b>485,540,471</b>	<b>490,376,009</b>
<b>Total liabilities and equity</b>					<b>1,431,551,637</b>	<b>1,387,310,084</b>

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

### 20 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 value:

#### 31 March 2021 (unaudited)

	<i>FVTPL</i> <i>AED</i>	<i>FVOCI</i> <i>AED</i>	<i>Amortised cost</i> <i>AED</i>	<i>Total</i> <i>AED</i>
<b>Financial assets:</b>				
Investment securities	185,945,917	49,079,510	14,983,374	250,008,801
Investments on behalf of policyholders of unit-linked products	46,790,160	-	-	46,790,160
Insurance and other receivables	-	-	171,977,086	171,977,086
Bank balances and cash	-	-	345,339,995	345,339,995
	<u>232,669,379</u>	<u>49,079,510</u>	<u>532,300,455</u>	<u>814,049,344</u>
<b>Financial liabilities:</b>				
Insurance and other payables	-	-	201,719,123	201,719,123
Payable to policyholders of unit-linked products	-	-	46,790,160	46,790,160
Bank borrowings	-	-	9,159,407	9,159,407
	<u>-</u>	<u>-</u>	<u>257,668,690</u>	<u>257,668,690</u>

#### 31 December 2020 (audited)

	<i>FVTPL</i> <i>AED</i>	<i>FVOCI</i> <i>AED</i>	<i>Amortised cost</i> <i>AED</i>	<i>Total</i> <i>AED</i>
<b>Financial assets:</b>				
Investment securities	201,220,783	50,850,355	14,983,404	267,054,542
Investments on behalf of policyholders of unit-linked products	47,406,148	-	-	47,406,148
Insurance and other receivables	-	-	176,070,712	176,070,712
Bank balances and cash	-	-	305,970,773	305,970,773
	<u>248,598,349</u>	<u>50,850,355</u>	<u>497,024,889</u>	<u>796,473,593</u>
<b>Financial liabilities:</b>				
Insurance and other payables	-	-	188,766,513	188,766,513
Payable to policyholders of unit-linked products	-	-	47,406,148	47,406,148
Bank borrowings	-	-	6,806,127	6,806,127
	<u>-</u>	<u>-</u>	<u>242,978,788</u>	<u>242,978,788</u>

### 21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed interim financial information approximate their fair values.

**21 FAIR VALUE MEASUREMENTS (continued)****Fair value of financial instruments carried at fair value***Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2020.

*Fair value measurements recognised in the condensed statement of financial position*

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>31 March 2021</i>	<i>31 December 2020</i>				
	<i>(unaudited)</i>	<i>(audited)</i>				
	<i>AED</i>	<i>AED</i>				
<b>FVOCI</b>						
Quoted debt securities	<b>49,055,427</b>	50,850,355	Level 1	Quoted bid prices in an active market.	None.	N/A
<b>FVTPL</b>						
Quoted equity securities	<b>88,279,937</b>	105,112,042	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	<b>87,600,214</b>	86,080,159	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	<b>46,790,160</b>	47,406,148	Level 2	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity securities	<b>10,000,000</b>	10,000,000	Level 3	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

## **22 COVID-19 IMPACT ASSESSMENT**

A year ago, on 11 March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. Since then, daily life across the globe has changed. Although vaccination have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the business activities. The COVID-19 pandemic had a seismic effect on the UAE market. However, despite this shock, the UAE's commendable handling of the pandemic and fiscal and monetary stimulus plans has seen recovery ensue in certain sectors.

Since the start of the pandemic NGI Management has considered the unique circumstances and the risk exposures of the Company that could have a material impact on the business operations. The Company has implemented business continuity plan that includes all the procedures and protocols during these current situations and has formed Crisis Management Committee reporting to Chief Executive Officer. Remote working plans were initiated, and measures were taken to ensure uninterrupted business. In addition to this, facility to get vaccination has been organized for the employees and their spouses in collaboration with Commercial bank of Dubai.

On the business side, the impact of Covid-19 has been minimal. There is a positive impact on profitability due to earning of premiums from last year and also due to lesser number of claims in various lines of business. Further to this investment income has also shown great improvement from last year.

## **23 APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by the Board of Directors and authorised for issue on 9 May 2021.