

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

31 MARCH 2022

National General Insurance Co. (P.J.S.C.)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the three month period ended 31 March 2022

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

Introduction

We have reviewed the accompanying interim condensed 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 2022, and the related interim statements of profit or loss and comprehensive income, statement of changes in equity and cash flows for the three months 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 interim condensed 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



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

09 May 2022


Dubai, United Arab Emirates

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 (Unaudited)

	<i>Notes</i>	31 March 2022 (Unaudited) AED	31 December 2021 (Audited) AED
ASSETS			
Property and equipment	3	27,013,429	27,227,665
Intangible assets		5,486,434	3,706,450
Investment properties	4	184,704,150	184,704,150
Investment securities	5	313,484,030	356,419,319
Investments on behalf of policyholders of unit-linked products	5	52,690,079	51,535,535
Reinsurance contract assets	6	352,481,147	360,553,396
Insurance and other receivables	7	229,469,678	207,972,486
Fixed deposits	8	248,135,976	247,944,812
Bank balances and cash	8	85,932,864	64,397,757
TOTAL ASSETS		1,499,397,787	1,504,461,570
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	149,954,112	149,954,112
Retained earnings		207,909,506	229,388,850
Legal reserve	10	74,977,056	74,977,056
General reserve	11	74,977,056	74,977,056
Reinsurance reserve	12	1,846,431	1,846,431
Cumulative change in fair value of investments in FVOCI		74,154	1,930,661
Total equity		509,738,315	533,074,166
Liabilities			
Provision for end of service indemnity		12,385,837	11,651,763
Insurance contract liabilities	6	658,493,078	659,424,205
Insurance and other payables	13	260,206,153	241,973,451
Payable to policyholders of unit-linked products	15	52,690,079	51,535,535
Bank borrowings	14	5,884,325	6,802,450
Total liabilities		989,659,472	971,387,404
TOTAL EQUITY AND LIABILITIES		1,499,397,787	1,504,461,570


HE Hamad Mubarak Buamim
Chairman


Dr. Abdul Zahra A. Ali Al Turki
Chief Executive Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2022 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 31 March</i>	
		<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i>
Gross written premium		164,173,220	153,839,835
Reinsurance ceded		(84,771,653)	(78,787,282)
Net premium		79,401,567	75,052,553
Change in unearned premium / unexpired risk		(6,334,022)	(5,526,047)
Net earned premiums		73,067,545	69,526,506
Reinsurance commission earned		14,214,157	11,923,119
Net underwriting income		87,281,702	81,449,625
Claims paid		(102,508,535)	(72,335,098)
Reinsurance share of claims paid		57,355,038	33,483,825
Net claims paid		(45,153,497)	(38,851,273)
Change in net outstanding claims and claims incurred but not reported		(1,382,551)	(5,467,160)
Net incurred claims		(46,536,048)	(44,318,433)
Commission incurred		(12,570,507)	(13,433,172)
Administrative expenses		(15,702,569)	(11,461,123)
Net underwriting expenses		(74,809,124)	(69,212,728)
Movement in life assurance fund and payable to policyholders of unit linked products		(579,093)	385,161
(Decrease)/ increase in fair value of investment held for unit linked products		(3,524,040)	1,688,885
Net income from investment securities - life		1,199,884	1,140,808
Total underwriting expenses		(77,712,373)	(65,997,874)
Underwriting profit		9,569,329	15,451,751
Income from investment properties (net)		975,386	1,039,457
Net income from investment securities and deposits	18	21,553,956	10,037,439
Administrative expenses		(3,466,781)	(3,675,970)
Profit for the period		28,631,890	22,852,677
Basic and diluted earnings per share (Note 16)		0.19	0.15

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2022 (Unaudited)

	<i>Three months period ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
Profit for the period	<u>28,631,890</u>	<u>22,852,677</u>
OTHER COMPREHENSIVE INCOME		
<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>(1,856,507)</u>	<u>(1,795,098)</u>
Total other comprehensive loss for the period	<u>(1,856,507)</u>	<u>(1,795,098)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>26,775,383</u></u>	<u><u>21,057,579</u></u>

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2022 (Unaudited)

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>General reserve AED</i>	<i>Reinsurance reserve AED</i>	<i>Cumulative change in fair value of investments in FVOCI AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
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 income for the period	-	-	-	-	(1,795,098)	22,852,677	21,057,579
Directors' remuneration (Note 20)	-	-	-	-	-	(3,400,000)	(3,400,000)
Dividends declared (Note 20)	-	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 31 March 2021 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>83,123</u>	<u>2,329,490</u>	<u>183,219,634</u>	<u>485,540,471</u>
Balance at 31 December 2021 (audited)	149,954,112	74,977,056	74,977,056	1,846,431	1,930,661	229,388,850	533,074,166
Total comprehensive (loss)/ income for the period	-	-	-	-	(1,856,507)	28,631,890	26,775,383
Directors' remuneration (Note 20)	-	-	-	-	-	(5,125,000)	(5,125,000)
Dividends declared (Note 20)	-	-	-	-	-	(44,986,234)	(44,986,234)
Balance at 31 March 2022 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>1,846,431</u>	<u>74,154</u>	<u>207,909,506</u>	<u>509,738,315</u>

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the period ended 31 March 2022 (Unaudited)

	<i>Three months period ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	28,631,890	22,852,677
Adjustments for:		
Depreciation and amortisation	625,707	599,634
Gain on disposal of property and equipment	(6,600)	(1,088)
Dividend income	(3,134,939)	(3,653,339)
Realised gains on investments in fair value through profit or loss (FVTPL)	(6,204,785)	(3,352,388)
Unrealised gain on investments in FVTPL	(11,013,795)	(2,189,623)
Reversal for expected credit losses	-	(3,480,114)
Provision for end of service indemnity	983,564	399,632
Other investment income	(2,175,824)	(2,010,761)
Operating cash flows before changes in operating assets and liabilities	7,705,218	9,164,630
Change in insurance and other receivables (including related parties)	(21,497,192)	5,309,459
Change in insurance and other payables	(26,753,532)	(9,795,553)
Change in unearned premium reserve and life assurance fund	5,758,571	5,756,874
Change in net outstanding claims	1,382,551	5,467,160
Employees' end of service indemnity paid	(249,490)	(1,115,599)
Net cash (used in)/ generated from operating activities	(33,653,874)	14,786,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and intangible assets	(2,191,455)	(846,757)
Proceeds from disposal of property and equipment	6,600	1,088
Purchase of investments in FVTPL	(7,462,527)	(53,671,270)
Purchase of investments in FVTOCI	(3,676,783)	-
Proceeds from sale of investments in FVTPL	68,282,128	75,097,798
Net movement in payable to policyholders' unit-linked products	1,154,544	(615,988)
Dividend income	3,134,939	3,653,339
Change in bank deposits	(191,164)	(182,299,836)
Interest and other income	2,175,824	2,010,761
(Decrease)/ increase in bank borrowings	(918,125)	2,353,280
Net cash generated from/ (used in) investing activities	60,313,981	(154,317,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Directors' remuneration	(5,125,000)	(3,400,000)
Net cash used in financing activity	(5,125,000)	(3,400,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	21,535,107	(142,930,614)
Cash and cash equivalents at the beginning of the period	64,397,757	226,062,235
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 8)	85,932,864	83,131,621

The accompanying notes 1 to 24 form an integral part of these interim condensed 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

The interim condensed financial statements of the Company for the three months ended 31 March 2022 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 interim condensed 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 2021. In addition, results for the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The interim condensed 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 interim condensed financial information are consistent with those used in the audited financial statements for the year ended 31 December 2021.

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 2021.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. 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 interim condensed financial statements.

3 PROPERTY AND EQUIPMENT

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

4 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 2022 (31 December 2021: Level 3).

5 INVESTMENT SECURITIES

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

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Financial assets at fair value through profit or loss	249,443,518	293,077,912
Financial assets at fair value through other comprehensive income	102,186,701	100,342,343
Financial assets at amortised cost	15,000,000	15,000,000
Less: Provision for expected credit losses (ECL)	(456,110)	(465,401)
	<u>366,174,109</u>	<u>407,954,854</u>
Investments securities – Geographic concentration		
Investments made:		
- Within U.A.E.	145,590,385	187,262,982
- Outside U.A.E.	220,583,724	220,691,872
Total	<u>366,174,109</u>	<u>407,954,854</u>
Financial assets at fair value through profit or loss		
Equity investments – quoted	100,546,089	141,596,693
Equity investments – unquoted	10,000,000	10,000,000
Fixed income investments/ bonds – quoted	86,207,350	89,945,684
Investments held on behalf of policyholders' unit linked products (Note 15)	52,690,079	51,535,535
Total	<u>249,443,518</u>	<u>293,077,912</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 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Balance at the beginning of the year	465,401	424,851
(Reversal)/ charge during the year	(9,291)	40,550
Balance at the end of the period/year	<u>456,110</u>	<u>465,401</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

6 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Insurance contract liabilities		
Claims reported but unsettled	201,049,360	222,224,733
Claims incurred but not reported	100,479,275	88,098,942
Life assurance fund	95,553,589	96,817,739
Unearned premium and unexpired risk	261,410,854	252,282,791
Total insurance contract liabilities, gross	658,493,078	659,424,205
Reinsurance contract assets		
Claims reported but unsettled	151,900,676	172,065,979
Claims incurred but not reported	56,968,298	46,980,586
Life assurance fund	17,644,486	18,333,185
Unearned premium and unexpired risk	125,967,687	123,173,646
Total reinsurers' share of insurance liabilities	352,481,147	360,553,396
Net		
Claims reported but unsettled	49,148,684	50,158,754
Claims incurred but not reported	43,510,977	41,118,356
Life assurance fund	77,909,103	78,484,554
Unearned premium and unexpired risk	135,443,167	129,109,145
	306,011,931	298,870,809

7 INSURANCE AND OTHER RECEIVABLES

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Premium receivables	43,615,509	43,643,167
Reinsurance companies	16,511,848	26,963,018
Insurance agents and brokers	125,432,491	94,190,783
Due from related parties	5,387,369	6,768,533
	190,947,217	171,565,501
Less: Provision for ECL	(7,624,602)	(7,624,602)
	183,322,615	163,940,899
Other receivables:		
Accrual of interest and other income	4,656,982	3,186,294
Deferred acquisition cost	28,006,315	27,529,657
Advances and prepayments	5,503,216	2,838,808
Others	7,980,550	10,476,828
	229,469,678	207,972,486

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

7 INSURANCE AND OTHER RECEIVABLES (continued)

Movement in provision for ECL are as follows:

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Balance at the beginning of the period/ year	7,624,602	9,555,768
Reversal made for the year	-	(1,931,166)
Balance at the end of the period/ year	7,624,602	7,624,602

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

8 BANK BALANCES AND CASH

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Cash on hand	13,864	22,596
Cash with banks	85,963,537	64,416,636
Statutory deposit	10,000,000	10,000,000
Fixed deposits	238,135,976	237,944,812
Less: Provision for ECL	(44,537)	(41,475)
Total bank balances and cash	334,068,840	312,342,569
Less: Deposits with maturities greater than three months	(248,135,976)	(247,944,812)
Cash and cash equivalents	85,932,864	64,397,757

Fixed deposits amounting to AED 17.6 million (31 December 2021: AED 21.6 million) under lien are against letters of guarantee (Note 19).

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 million (31 December 2021: AED 10 million) 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 19).

Movements in provision for ECL are as follows:

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Balance at the beginning of the period/ year	41,475	41,758
Provision made/ (reversal) during the period/ year	3,062	(283)
Balance at the end of the period/ year	44,537	41,475

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

9 SHARE CAPITAL

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
<i>Issued and fully paid</i> (149,954,112 ordinary shares of AED 1 each)	149,954,112	149,954,112

10 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.

11 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 2022.

12 REINSURANCE RESERVE

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company allocated an amount equal to 0.5% of the total reinsurance premiums ceded to reinsurance reserve.

This reserve is accumulated year after year and may not be disposed off without the written approval of the Director General of the Insurance Authority

13 INSURANCE AND OTHER PAYABLES

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Creditors	55,953,850	53,971,879
Reinsurance companies	50,500,599	76,529,620
Premium reserve withheld	63,665,467	59,064,433
Dividends payable	44,986,234	-
Due to related parties	4,475,838	280,783
Deferred reinsurance commission	17,076,411	16,725,734
Accrued expenses	10,696,676	21,828,488
Commission payable	1,861,404	1,753,665
Other payable balances	10,989,674	11,818,849
	260,206,153	241,973,451

14 BANK BORROWINGS

The bank loan is secured against the Company's investments in debt instruments having a fair value of AED 20.8 million (31 December 2021: AED 21.8 million) (Note 5) and carries an interest rate of 1 month USD LIBOR plus 0.5% per annum.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

15 PAYABLE TO POLICYHOLDERS OF UNIT-LINKED PRODUCTS

Movement during the period:

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
As at 1 January	51,535,535	47,406,148
Amount invested by policyholders	7,282,310	15,506,840
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(2,603,726)	(17,166,388)
Change in fair value	(3,524,040)	5,788,935
Payable to policyholders of unit-linked products	<u>52,690,079</u>	<u>51,535,535</u>

16 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Three months period ended 31 March</i>	
	<i>2022 (Unaudited) AED</i>	<i>2021 (Unaudited) AED</i>
Profit for the period	<u>28,631,890</u>	<u>22,852,677</u>
Number of shares	<u>149,954,112</u>	<u>149,954,112</u>
Basic and diluted earnings per share	<u>0.19</u>	<u>0.15</u>

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

17 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.

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

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Due from related parties		
Insurance premium receivable	<u>5,387,369</u>	<u>6,768,533</u>
Due to related parties		
Insurance payable	<u>4,475,838</u>	<u>280,783</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

17 RELATED PARTY TRANSACTIONS (continued)

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

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Cash and cash equivalents		
Cash at bank	18,441,772	10,010,072
Short term deposit	55,202,937	18,409,770
	<u>73,644,709</u>	<u>28,419,842</u>

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

	<i>Three months period ended 31 March</i>	
	<i>2022 (Unaudited) AED</i>	<i>2021 (Unaudited) AED</i>
Key management personnel compensation		
Remuneration and short term benefits	1,535,644	1,622,363
End of service benefits	502,204	70,740
Other related parties		
Premiums	2,971,888	486,954
Claims paid	5,171,337	6,196,677
Dividend	28,605,505	14,302,752
Interest income	15,387	101,911

18 NET INCOME FROM INVESTMENT SECURITIES AND DEPOSITS

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 March 2022 (Unaudited) AED</i>
Dividend income	3,134,939	3,653,339
Realised gains on investments	6,204,785	3,346,893
Unrealized gains on investments at FVTPL	11,013,795	2,189,623
Income from investment securities	963,025	918,125
Interest on bank deposits	444,300	276,301
Expenses/charges on securities	(206,888)	(346,932)
Net income from investment securities and bank deposits	<u>21,553,956</u>	<u>10,037,429</u>

19 CONTINGENT LIABILITIES

	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Letters of guarantee	11,404,097	16,102,815

Fixed deposits amounting to AED 17.4 million (31 December 2021: AED 21.6 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 10 million (31 December 2021: 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.

20 DIVIDEND AND DIRECTORS' REMUNERATION

At the Annual General Meeting held on 31 March 2022, the Shareholders approved a cash dividend of AED 44,986,234 at 0.30 dirhams per share for 2021 (2020: AED 22,493,117 at 0.15 dirhams per share). The Shareholders also approved Board of Directors' remuneration of AED 5,125,000 for 2021 (2021: AED 3,400,000 for 2020).

21 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 INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

21 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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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>
Underwriting income						
Gross written premium	143,144,922	126,795,849	21,028,298	27,043,986	164,173,220	153,839,835
Reinsurance ceded	(76,591,610)	(63,186,501)	(8,180,043)	(15,600,781)	(84,771,653)	(78,787,282)
Net premium	66,553,312	63,609,348	12,848,255	11,443,205	79,401,567	75,052,553
Change in unearned premium / unexpired risk	(5,869,064)	(4,677,165)	(464,959)	(848,883)	(6,334,022)	(5,526,047)
Net earned premium	60,684,248	58,932,183	12,383,296	10,594,322	73,067,545	69,526,506
Reinsurance commission earned	12,989,003	10,175,887	1,225,154	1,747,232	14,214,157	11,923,119
Total underwriting income	73,673,251	69,108,070	13,608,450	12,341,554	87,281,702	81,449,625
Underwriting expenses						
Net incurred claims	(38,803,630)	(35,145,027)	(7,732,418)	(9,173,406)	(46,536,048)	(44,318,433)
Commission incurred	(11,119,461)	(11,306,606)	(1,451,046)	(2,126,566)	(12,570,507)	(13,433,172)
Administrative expenses	(12,631,754)	(10,058,945)	(3,070,815)	(1,402,178)	(15,702,569)	(11,461,123)
Net underwriting expenses	(62,554,845)	(56,510,578)	(12,254,279)	(12,702,150)	(74,809,124)	(69,212,728)
Profit / (loss) before movement in life assurance fund	11,118,406	12,597,492	1,354,171	(360,596)	12,472,578	12,236,897
Movement in life assurance fund and payable to policyholders of unit linked products	-	-	(579,093)	385,161	(579,093)	385,161
Increase in fair value of investment held for unit linked products	-	-	(3,524,040)	1,688,885	(3,524,040)	1,688,885
Net income from investment securities - life	-	-	1,199,884	1,140,808	1,199,884	1,140,808
Underwriting profit / (loss) for the period	11,118,406	12,597,492	(1,549,078)	2,854,259	9,569,329	15,451,751
Interest and other income (net)					1,040,352	1,039,457
Net income from investment securities					21,488,990	10,037,439
Unallocated expenses					(3,466,781)	(3,675,970)
Profit for the period					28,631,890	22,852,677

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

21 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>	<i>31 March 2022 (Unaudited) AED</i>	<i>31 December 2021 (Audited) AED</i>
Assets						
Property and equipment	27,013,429	27,227,665	-	-	27,013,429	27,227,665
Intangible assets	5,486,434	3,706,450	-	-	5,486,434	3,706,450
Investment properties	184,704,150	184,704,150	-	-	184,704,150	184,704,150
Investments securities	251,573,185	292,683,265	61,910,845	63,736,054	313,484,030	356,419,319
Investments on behalf of policyholders of unit-linked products	-	-	52,690,079	51,535,535	52,690,079	51,535,535
Reinsurance contract assets	308,811,152	317,664,537	43,669,995	42,888,859	352,481,147	360,553,396
Insurance and other receivables	220,735,415	194,900,047	8,734,263	13,072,439	229,469,678	207,972,486
Bank balances and cash	222,623,250	192,755,546	111,445,590	119,587,023	334,068,840	312,342,569
Total assets	1,220,947,015	1,213,641,660	278,450,772	290,819,910	1,499,397,787	1,504,461,570
Liabilities						
Insurance contract liabilities	528,109,299	529,105,889	130,383,780	130,318,316	658,493,078	659,424,205
Provision for end of service indemnity	12,385,837	11,651,763	-	-	12,385,837	11,651,763
Insurance and other payables	250,692,442	222,276,447	9,513,710	19,697,004	260,206,153	241,973,451
Bank borrowings	5,884,325	6,802,450	-	-	5,884,325	6,802,450
Payable to policyholders of unit linked products	-	-	52,690,079	51,535,535	52,690,079	51,535,535
Total liabilities	797,071,903	769,836,549	192,587,569	201,550,855	989,659,472	971,387,404
Equity						
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					1,846,431	1,846,431
Cumulative change in fair value of investments in FVOCI					74,154	1,930,661
Retained earnings					207,909,506	229,388,850
Total equity					509,738,315	533,074,166
Total liabilities and equity					1,499,397,787	1,504,461,570

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2022 (Unaudited)

22 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 2022 (unaudited)

	<i>FVTPL AED</i>	<i>FVOCI AED</i>	<i>Amortised cost AED</i>	<i>Total AED</i>
Financial assets:				
Investment securities	196,686,493	101,814,134	14,983,404	313,484,031
Investments on behalf of policyholders of unit-linked products	52,690,079	-	-	52,690,079
Insurance and other receivables	-	-	193,929,186	193,929,186
Bank balances and cash	-	-	334,068,840	334,068,840
	<u>249,376,572</u>	<u>101,814,134</u>	<u>542,981,430</u>	<u>894,172,136</u>
Financial liabilities:				
Insurance and other payables	-	-	243,129,743	243,129,743
Payable to policyholders of unit-linked products	-	-	52,690,079	52,690,079
Bank borrowings	-	-	5,884,325	5,884,325
	<u>-</u>	<u>-</u>	<u>301,704,147</u>	<u>301,704,147</u>

31 December 2021 (audited)

	<i>FVTPL AED</i>	<i>FVOCI AED</i>	<i>Amortised cost AED</i>	<i>Total AED</i>
Financial assets:				
Investment securities	241,563,770	99,962,589	14,983,404	356,509,763
Investments on behalf of policyholders of unit-linked products	51,535,535	-	-	51,535,535
Insurance and other receivables	-	-	174,965,795	174,965,795
Bank balances and cash	-	-	312,342,569	312,342,569
	<u>293,099,305</u>	<u>99,962,589</u>	<u>502,291,768</u>	<u>895,353,662</u>
Financial liabilities:				
Insurance and other payables	-	-	225,247,710	225,247,710
Payable to policyholders of unit-linked products	-	-	51,535,535	51,535,535
Bank borrowings	-	-	6,802,450	6,802,450
	<u>-</u>	<u>-</u>	<u>283,585,695</u>	<u>283,585,695</u>

23 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 interim condensed financial information approximate their fair values.

23 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 2021.

Fair value measurements recognised in the interim 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 2022</i>	<i>31 December 2021</i>				
	<i>(Unaudited)</i>	<i>(Audited)</i>				
	<i>AED</i>	<i>AED</i>				
FVOCI						
Quoted debt securities	46,927,442	48,752,650	Level 1	Quoted bid prices in an active market.	None.	N/A
Unquoted equity securities	54,886,692	51,209,909	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
AMORTISED COST						
Investment at amortised cost	14,983,404	14,983,404	Level 3	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.

23 FAIR VALUE MEASUREMENTS (continued)**Fair value of financial instruments carried at fair value**

<i>Financial assets</i>	<i>Fair value as at 31 March 2022 (Unaudited) AED</i>	<i>Fair value as at 31 December 2021 (Audited) AED</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>
FVTPL						
Quoted equity securities	100,546,088	141,596,692	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	86,140,405	89,876,664	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	52,690,079	51,535,535	Level 2	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity securities	10,000,000	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.

24 COVID-19 IMPACT ASSESSMENT

Two years 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, 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 Covid-19 situation has had a minimal impact on the business front of the Company. This is primarily the result of the proactive implementation of business continuity plans & and effective measures that were taken to ensure uninterrupted business. The Company continues to monitor the impact of COVID-19 on its financial performance & liquidity position on a continuous basis. As of date, there has been no significant impact on the credit risk or instances of default from the company's business partners.