

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2021 (UNAUDITED)

National General Insurance Co. (P.J.S.C.)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the nine month period ended 30 September 2021

Contents	Pages
Independent auditor's review report	1
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial statements	7 – 20

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 financial statements of National General Insurance Co. (P.J.S.C.) (the “Company”), which comprise the interim statement of financial position as at 30 September 2021, and the related interim statements of profit or loss and comprehensive income, statement of changes in equity and cash flows for the nine 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 this 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.

Other Matters

The interim condensed financial statements of the Company as of 30 September 2020 were reviewed by another auditor whose report dated 8 November 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

7 November 2021

Dubai, United Arab Emirates

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021 (Unaudited)

	<i>Notes</i>	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
ASSETS			
Property and equipment	5	27,167,312	25,693,406
Intangible assets		4,079,358	2,806,035
Investment properties	6	180,804,595	180,804,595
Investment securities	7	284,970,328	267,025,960
Investments on behalf of policyholders of unit-linked products		49,124,318	47,406,148
Reinsurance contract assets	8	378,803,432	353,632,724
Insurance and other receivables	9	230,938,114	203,970,443
Fixed deposits	10	247,182,478	79,908,538
Bank balances and cash	10	97,140,033	226,062,235
TOTAL ASSETS		1,500,209,968	1,387,310,084
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	149,954,112	149,954,112
Legal reserve	12	74,977,056	74,977,056
General reserve	13	74,977,056	74,977,056
Cumulative change in fair value through other comprehensive income (FVOCI) investments		1,955,982	4,124,588
Retained earnings		215,114,476	186,260,074
Reinsurance reserve	14	83,123	83,123
Total equity		517,061,805	490,376,009
Liabilities			
Provision for end of service indemnity		11,974,598	12,432,468
Insurance contract liabilities	8	673,288,757	623,896,421
Insurance and other payables	15	241,038,790	206,392,911
Bank borrowings	16	7,721,700	6,806,127
Payable to policyholders of unit linked products	17	49,124,318	47,406,148
Total liabilities		983,148,163	896,934,075
TOTAL EQUITY AND LIABILITIES		1,500,209,968	1,387,310,084



HE Hamad Mubarak Buamim
Chairman



Dr. Abdul Zahra A. Ali
Chief Executive Officer

The accompanying notes 1 to 26 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 30 September 2021 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
		<i>2021 AED</i>	<i>2020 AED</i>	<i>2021 AED</i>	<i>2020 AED</i>
Gross written premium		161,933,637	126,045,720	497,404,862	458,899,423
Reinsurance ceded		(92,467,908)	(74,372,245)	(274,880,587)	(261,445,668)
Net premium		69,465,729	51,673,475	222,524,275	197,453,755
Change in unearned premium/ unexpired risk		2,627,483	14,019,379	(12,972,718)	(5,290,237)
Net earned premiums		72,093,212	65,692,854	209,551,557	192,163,518
Reinsurance commission earned		11,681,684	13,648,332	34,561,585	36,582,993
Net underwriting income		83,774,896	79,341,186	244,113,142	228,746,511
Claims paid		(78,348,780)	(70,458,599)	(227,514,159)	(206,906,125)
Reinsurance share of claims paid		35,958,305	31,811,856	106,130,496	96,008,618
Net claims paid		(42,390,475)	(38,646,743)	(121,383,663)	(110,897,507)
Change in outstanding claims		4,362,661	(7,536,511)	(7,916,418)	(19,148,539)
Net incurred claims		(38,027,814)	(46,183,254)	(129,300,081)	(130,046,046)
Commission incurred		(13,298,378)	(9,630,177)	(39,057,776)	(25,804,756)
Administrative expenses		(15,884,289)	(12,096,574)	(42,471,724)	(45,733,135)
Net underwriting expenses		(67,210,481)	(67,910,005)	(210,829,581)	(201,583,937)
Movement in life assurance fund and payable to policyholders of unit linked products		(624,035)	(262,450)	(5,050,662)	4,004,735
Increase/ (decrease) in fair value of investment held for unit linked products		588,320	3,089,440	4,879,169	646,494
Net income from investments life		1,791,978	1,141,633	3,574,804	2,397,427
Total underwriting expenses		(65,454,218)	(63,941,382)	(207,426,270)	(194,535,281)
Underwriting profit		18,320,678	15,399,804	36,686,872	34,211,230
Income from investment properties (net)		1,104,701	894,988	3,086,739	3,243,081
Net income/ (loss) from investment securities and deposits	21	4,005,479	11,797,882	24,122,332	(196,170)
Administrative expenses		(2,803,102)	(2,134,696)	(9,148,424)	(9,116,711)
Profit for the period		20,627,756	25,957,978	54,747,519	28,141,430
Basic and diluted earnings per share (Note 18)		0.14	0.17	0.37	0.19

The accompanying notes 1 to 26 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 30 September 2021 (Unaudited)

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>2021 AED</i>	<i>2020 AED</i>	<i>2021 AED</i>	<i>2020 AED</i>
Profit for the period	20,627,756	25,957,978	54,747,519	28,141,430
Other comprehensive income				
<i>Items that may be reclassified to profit or loss:</i>				
Net changes in FVOCI investments	(1,214,587)	174,334	(2,168,606)	1,390,467
Total other comprehensive (loss)/ income for the period	(1,214,587)	174,334	(2,168,606)	1,390,467
Total comprehensive income for the period	19,413,169	26,132,312	52,578,913	29,531,897

The accompanying notes 1 to 26 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 30 September 2021 (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 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	-	-	-	-	1,390,467	28,141,430	29,531,897
Directors' remuneration (Note 22)	-	-	-	-	-	(1,745,850)	(1,745,850)
Dividends declared (Note 22)	-	-	-	-	-	(14,995,411)	(14,995,411)
Balance at 30 September 2020 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>-</u>	<u>1,645,319</u>	<u>168,375,945</u>	<u>469,929,488</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)/ income for the period	-	-	-	-	(2,168,606)	54,747,519	52,578,913
Directors' remuneration (Note 22)	-	-	-	-	-	(3,400,000)	(3,400,000)
Dividends declared (Note 22)	-	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 30 September 2021 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>83,123</u>	<u>1,955,982</u>	<u>215,114,476</u>	<u>517,061,805</u>

The accompanying notes 1 to 26 form an integral part of these interim condensed financial statements.

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

INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 September 2021 (Unaudited)

	<i>Nine months period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	54,747,519	28,141,430
Adjustments for:		
Depreciation and amortisation	1,896,324	1,751,850
Dividend income	(4,987,467)	(5,543,379)
Realised gains on fair value through profit or loss (FVTPL) investments	(10,290,934)	(482,219)
Unrealised (gain)/ loss on FVTPL investments	(5,602,297)	11,365,358
(Reversal)/ provision for expected credit losses	(1,416,948)	5,473,193
Loss on sale of investments at amortised costs	-	20,000
Other investment income	(6,704,501)	(8,406,671)
Provision for employees' end of service indemnity	1,175,230	1,354,806
Operating cash flows before changes in operating assets and liabilities	28,816,926	33,674,368
Change in insurance and other receivables (including related parties)	(25,550,723)	(76,428,395)
Change in insurance and other payables	34,645,879	58,905,658
Change in unearned premium reserve and life assurance fund	16,305,210	1,285,502
Change in net outstanding claims	7,916,418	19,148,539
Employees' end of service indemnity paid	(1,633,100)	(279,450)
Net cash generated from operating activities	60,500,610	36,306,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,734,701)	(219,664)
Proceeds from disposal of property and equipment	91,148	-
Purchase of FVTPL investments	(119,520,289)	(150,234,387)
Proceeds from sale of FVTPL investments	128,490,736	10,652,781
Net movement in payable to Policyholders Unit Linked Products	1,718,170	-
Purchase of FVOCI investments	(14,908,360)	(36,050,357)
Dividends received	4,987,467	5,543,379
Interest and other income received	6,704,501	8,406,671
Proceeds from sale of investments at amortised costs	-	9,172,500
Change in bank deposits	(167,273,940)	67,936,335
Increase in bank borrowings	915,573	7,173,827
Net cash used in investing activities	(163,529,695)	(77,618,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(22,493,117)	(14,995,411)
Directors' remuneration paid	(3,400,000)	(1,745,850)
Net cash used in financing activities	(25,893,117)	(16,741,261)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(128,922,202)	(58,053,954)
Cash and cash equivalents at the beginning of the period	226,062,235	104,674,208
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 10)	97,140,033	46,620,254

The accompanying notes 1 to 26 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 nine months ended 30 September 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 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 2020. In addition, results for the nine months period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 statements are consistent with those used in the audited financial statements for the year ended 31 December 2020.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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 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 interim condensed financial statements.

3.1 New and revised IFRS applied with no material effect on the interim condensed financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these interim condensed financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IFRS 3 Business Combinations
- Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

3.1 New and revised IFRS applied with no material effect on the interim condensed financial statements (continued)

- Amendments in IFRS 7, 9 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform
- Amendment to IFRS 16 'Leases' to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The effective date is 1 June 2021.

3.2 New and revised IFRS standards and interpretations but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17: *Insurance Contracts*. Effective for annual period beginning on or after 1 January 2023
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. Effective date deferred indefinitely. Adoption is permitted.
- IAS 1: *Presentation of Financial Statements – Amendments on Classifications*. Effective for annual period beginning on or after 1 January 2023.
- Amendments relating to IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning after 1 January 2022)
- IFRS 4: *Insurance Contracts*. Amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to *Interest Rate Benchmark Reform - Phase 2*, that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

4 CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY

The significant judgements 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 financial statements as at and for the year ended 31 December 2020, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Company which is detailed below.

Recoverability of premium and insurance balances receivable

The COVID-19 outbreak led to a significant increase in the credit risk of companies within the economy as a result of operational disruption.

Based on management's assessment, the Company has not identified any material impact on the recoverability of premium and insurance balances receivable as at 30 September 2021.

Provision for outstanding claims and claims incurred but not reported

The Company has performed an assessment of the impact of COVID-19 on its contractual arrangements and provisions for outstanding claims and claims incurred but not reported which included regular sensitivity analyses. The Company determined that there is no material impact on its risk position and provision balances for outstanding claims and claims incurred but not reported, as at 30 September 2021. The Company will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

Fair value measurement of financial instruments

COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets. The Company is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

Based on management's assessment, the Company has not identified any material impact on the fair values of financial assets and liabilities as at 30 September 2021 other than the change which is already reflected in the interim condensed financial statements.

4 CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)*Fair value measurement of investment properties*

Based on management's assessment, there is limited information available on the 2021 outlook for the real estate market and how the situation will progress in light of COVID-19. The Company has not identified any significant impact to the fair values of investment properties as at 30 September 2021. The Company will consistently monitor the market and ensure that the prices used by the Company are an accurate representation of fair values.

5 PROPERTY AND EQUIPMENT

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

6 INVESTMENT PROPERTIES

Investment properties 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 30 September 2021 (31 December 2020: Level 3).

7 INVESTMENT SECURITIES

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

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Fair value through profit or loss (FVTPL) investments	206,395,530	201,220,783
Fair value through other comprehensive income (FVOCI) investments	64,042,031	51,230,028
Financial assets at amortised cost	15,000,000	15,000,000
Less: Provision for expected credit losses (ECL)	(467,233)	(424,851)
	284,970,328	267,025,960
	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Investments securities – Geographic concentration		
Investments made:		
- Within U.A.E.	151,902,885	188,672,877
- Outside U.A.E.	133,067,443	78,353,083
Total	284,970,328	267,025,960
FVTPL investments		
Equity investments – quoted	106,120,209	105,112,042
Equity investments – unquoted	10,000,000	10,000,000
Fixed income investments/bonds – quoted	90,275,321	86,108,741
Total	206,395,530	201,220,783

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2021 (Unaudited)

7 INVESTMENT SECURITIES (continued)

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
FVOCI investments		
Equity investments – unquoted	14,908,360	-
Fixed income investments/bonds – quoted	49,133,671	51,230,028
Total	64,042,031	51,230,028

FVTPL and FVOCI investments with fair value of AED 22 million (31 December 2020: AED 59.2 million) are pledged to a bank against loan granted to the Company (see Note 16).

Movements in provision for ECL are as follows:

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Balance at the beginning of the period/year	424,851	36,252
Provision for the period/year	42,382	388,599
Balance at the end of the period/year	467,233	424,851

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Insurance contract liabilities		
Claims reported unsettled	212,883,119	220,914,773
Claims incurred but not reported	100,545,135	94,065,912
Life assurance fund	96,951,816	82,195,192
Unearned premium and unexpired risk	262,908,687	226,720,544
Total insurance contract liabilities, gross	673,288,757	623,896,421
Re-insurance contract assets		
Recoverable from reinsurers		
Claims reported unsettled	166,177,318	177,527,617
Claims incurred but not reported	57,950,515	56,069,065
Life assurance fund	19,969,853	8,545,721
Unearned premium and unexpired risk	134,705,746	111,490,321
Total reinsurers' share of insurance liabilities	378,803,432	353,632,724

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2021 (Unaudited)

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Net		
Claims reported unsettled	46,705,801	43,387,156
Claims incurred but not reported	42,594,620	37,996,847
Life assurance fund	76,981,963	73,649,471
Unearned premium and unexpired risk	128,202,941	115,230,223
	<u>294,485,325</u>	<u>270,263,697</u>

9 INSURANCE AND OTHER RECEIVABLES

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Premium receivables	30,731,890	35,920,581
Reinsurance companies	16,102,936	30,513,345
Insurance agents and brokers	132,517,412	100,800,944
Due from related parties	10,776,147	7,061,688
	<u>190,128,385</u>	<u>174,296,558</u>
Less: Provision for ECL	(8,138,820)	(9,555,768)
	<u>181,989,565</u>	<u>164,740,790</u>
Accrual of interest and other income	2,726,241	3,145,140
Deferred acquisition cost	22,409,488	24,066,325
Advances and prepayments	14,439,905	2,392,353
Input value added tax	1,656,104	1,441,053
Other receivables	7,716,811	8,184,782
	<u>230,938,114</u>	<u>203,970,443</u>

Movement in provision for ECL are as follows:

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Balance at the beginning of the period/year	9,555,768	13,103,664
Written off during the period/year	-	3,737,998
Reversal for the period/year	(1,416,948)	(7,285,894)
Balance at the end of the period/year	<u>8,138,820</u>	<u>9,555,768</u>

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2021 (Unaudited)

10 BANK BALANCES AND CASH

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Cash on hand	111,989	22,596
Cash with banks	97,074,082	226,081,397
Statutory deposit	10,000,000	10,000,000
Fixed deposits	237,182,478	69,908,538
Less: Provision for ECL	(46,038)	(41,758)
Total bank balances and cash	<u>344,322,511</u>	<u>305,970,773</u>
Less: Deposits with maturities greater than three months	<u>(247,182,478)</u>	<u>(79,908,538)</u>
Cash and cash equivalents	<u><u>97,140,033</u></u>	<u><u>226,062,235</u></u>

Fixed deposits amounting to AED 21.6 million (31 December 2020: AED 17 million) under lien are against letters of guarantee (Note 20).

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 20).

Movements in provision for ECL are as follows:

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Balance at the beginning of the period/year	41,758	105,371
(Reversal)/provision made during the period/year	4,280	(63,613)
Balance at the end of the period/year	<u><u>46,038</u></u>	<u><u>41,758</u></u>

11 SHARE CAPITAL

	<i>30 September 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)	<u><u>149,954,112</u></u>	<u><u>149,954,112</u></u>

12 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.

13 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 30 September 2021.

14 REINSURANCE RESERVE

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company allocated an amount equals 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

15 INSURANCE AND OTHER PAYABLES

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Creditors	48,312,523	44,926,847
Reinsurance companies	86,241,456	53,214,038
Premium reserve withheld	58,561,811	66,446,345
Due to related parties	155,448	1,032,525
Deferred reinsurance commission	18,504,784	17,626,398
Accrued expenses	16,411,453	9,610,251
Commission payable	1,617,432	1,253,704
Other payable balances	11,233,883	12,282,803
	241,038,790	206,392,911

16 BANK BORROWINGS

The bank loan is secured against the Company's investments in debt instruments having a fair value of AED 22 million (31 December 2020: AED 59 million) (Note 7) and carries an interest rate of 1 month USD LIBOR plus 0.5% per annum.

17 PAYABLE TO POLICYHOLDERS OF UNIT-LINKED PRODUCTS

Movement during the period:

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
As at 1 January	47,406,148	41,118,895
Amount invested by policyholders	10,483,505	11,411,850
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(13,644,504)	(11,647,338)
Change in fair value	4,879,169	6,522,741
Payable to policyholders of unit-linked products	49,124,318	47,406,148

18 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period (in AED)	20,627,756	25,957,978	54,747,519	28,141,430
Number of shares	149,954,112	149,954,112	149,954,112	149,954,112
Basic and diluted earnings per share (in AED)	0.14	0.17	0.37	0.19

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.

19 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.

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

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Due from related parties		
Insurance premium receivable	10,776,147	7,061,688
Due to related parties		
Insurance payable	155,448	1,032,525
Cash and cash equivalents		
Cash at bank	56,914,573	219,838,521
Short term deposit	18,409,770	30,174,711
	75,324,343	250,013,232

19 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>
Key management personnel compensation				
Remuneration and short term benefits	1,677,951	1,211,302	5,012,722	5,212,856
End of service benefits	86,378	(13,599)	214,130	237,487
Other related parties				
Premiums	8,838,821	30,097,219	74,243,055	67,789,843
Claims paid	5,882,522	4,811,651	28,347,189	17,882,348
Dividend paid	-	-	14,302,752	9,535,168
Interest income	55,922	704,014	426,773	2,666,117

20 CONTINGENT LIABILITIES

	<i>30 September 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
Letters of guarantee	15,416,154	12,077,287

Fixed deposits amounting to AED 21.6 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.

21 NET INCOME/ (LOSS) FROM INVESTMENT SECURITIES AND DEPOSITS

	<i>30 September 2021 (Unaudited) AED</i>	<i>30 September 2020 (Unaudited) AED</i>
Dividend income	4,987,467	5,543,379
Realised gains on investments	10,290,934	421,436
Unrealized gains/ (losses) on investments at FVTPL	5,602,297	(11,365,358)
Income from investment securities	2,827,790	553,432
Interest on bank deposits	1,156,006	4,868,191
Expenses/charges on securities	(742,162)	(217,250)
Net income/ (loss) from investment securities and deposits	24,122,332	(196,170)

22 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 (AED 14,995,411 at 0.10 dirhams per share for 2019). The Shareholders also approved Board of Directors' remuneration of AED 3,400,000 for 2020 (AED 1,745,850 for 2019).

23 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 30 September 2021 (Unaudited)

23 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>For the nine months</i>		<i>For the nine months</i>		<i>For the nine months</i>	
	<i>period ended 30 September</i>		<i>period ended 30 September</i>		<i>period ended 30 September</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>
Underwriting income						
Gross written premium	415,409,447	421,283,017	81,995,415	37,616,406	497,404,862	458,899,423
Reinsurance ceded	(226,835,514)	(246,109,477)	(48,045,073)	(15,336,191)	(274,880,587)	(261,445,668)
Net premium	188,573,933	175,173,540	33,950,342	22,280,215	222,524,275	197,453,755
Change in unearned premium/unexpired risk	(12,113,244)	(4,420,943)	(859,474)	(869,294)	(12,972,718)	(5,290,237)
Net earned premium	176,460,689	170,752,597	33,090,868	21,410,921	209,551,557	192,163,518
Reinsurance commission earned	30,393,577	31,851,898	4,168,008	4,731,095	34,561,585	36,582,993
Total underwriting income	206,854,266	202,604,495	37,258,876	26,142,016	244,113,142	228,746,511
Underwriting expenses						
Net incurred claims	(107,197,426)	(105,298,588)	(22,102,655)	(24,747,458)	(129,300,081)	(130,046,046)
Commission incurred	(32,445,124)	(23,850,208)	(6,612,652)	(1,954,548)	(39,057,776)	(25,804,756)
Administrative expenses	(37,874,238)	(41,720,120)	(4,597,486)	(4,013,015)	(42,471,724)	(45,733,135)
Net underwriting expenses	(177,516,788)	(170,868,916)	(33,312,793)	(30,715,021)	(210,829,581)	(201,583,937)
Profit/(loss) before movement in life assurance fund	29,337,478	31,735,579	3,946,083	(4,573,005)	33,283,561	27,162,574
Movement in life assurance fund and payable to policyholders of unit linked products		-	(5,050,662)	4,004,735	(5,050,662)	4,004,735
Increase in fair value of investment held for unit linked products		-	4,879,169	646,494	4,879,169	646,494
Net income from investments life		-	3,574,804	2,397,427	3,574,804	2,397,427
Underwriting profit/(loss) for the period	29,337,478	31,735,579	7,349,394	2,475,651	36,686,872	34,211,230
Income from investment properties (net)					3,086,739	3,243,081
Net income/ (loss) from investment securities and deposits					24,122,332	(196,170)
Unallocated expenses					(9,148,424)	(9,116,711)
Profit for the period					54,747,519	28,141,430

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2021 (Unaudited)

23 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 September 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>	<i>30 September 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>	<i>30 September 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>
Assets						
Property and equipment	27,167,312	25,693,406		-	27,167,312	25,693,406
Intangible assets	4,079,358	2,806,035		-	4,079,358	2,806,035
Investment properties	180,804,595	180,804,595		-	180,804,595	180,804,595
Investments securities	221,234,667	201,192,201	63,735,661	65,833,759	284,970,328	267,025,960
Investments on behalf of policyholders of unit-linked products		-	49,124,318	47,406,148	49,124,318	47,406,148
Reinsurance contract assets	335,246,997	321,299,398	43,556,435	32,333,326	378,803,432	353,632,724
Insurance and other receivables	219,201,247	187,002,288	11,736,867	16,968,155	230,938,114	203,970,443
Bank balances and cash	231,256,994	210,826,978	113,065,517	95,143,795	344,322,511	305,970,773
Total assets	1,218,991,170	1,129,624,901	281,218,798	257,685,183	1,500,209,968	1,387,310,084
Liabilities						
Insurance contract liabilities	544,193,593	509,789,335	129,095,164	114,107,086	673,288,757	623,896,421
Provision for end of service indemnity	11,974,598	12,432,468		-	11,974,598	12,432,468
Insurance and other payables	226,710,937	193,711,637	14,327,853	12,681,274	241,038,790	206,392,911
Bank borrowings	7,721,700	6,806,127		-	7,721,700	6,806,127
Payable to policyholders of unit linked products		-	49,124,318	47,406,148	49,124,318	47,406,148
Total liabilities	790,600,828	722,739,567	192,547,335	174,194,508	983,148,163	896,934,075
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					83,123	83,123
Cumulative change in fair value of investments in FVOCI					1,955,982	4,124,588
Retained earnings					215,114,476	186,260,074
Total equity					517,061,805	490,376,009
Total liabilities and equity					1,500,209,968	1,387,310,084

24 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:

30 September 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>
Financial assets:				
Investment securities	206,326,277	63,660,647	14,983,404	284,970,328
Investments on behalf of policyholders of unit-linked products	49,124,318	-	-	49,124,318
Insurance and other receivables	-	-	192,432,612	192,432,612
Bank balances and cash	-	-	344,322,511	344,322,511
	<u>255,450,595</u>	<u>63,660,647</u>	<u>551,738,527</u>	<u>870,849,769</u>
Financial liabilities:				
Insurance and other payables	-	-	222,534,007	222,534,007
Bank borrowings	-	-	7,721,700	7,721,700
Payable to policyholders of unit-linked products	-	-	49,124,318	49,124,318
	<u>-</u>	<u>-</u>	<u>279,380,025</u>	<u>279,380,025</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>
Financial assets:				
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>248,626,931</u>	<u>50,850,355</u>	<u>497,024,889</u>	<u>796,502,175</u>
Financial liabilities:				
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>

25 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 statements approximate their fair values.

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:

Financial assets	Fair value as at 30 September 2021 (unaudited) AED	Fair value as at 31 December 2020 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVOCI						
Quoted securities	48,752,287	35,866,951	Level 1	Quoted bid prices in an active market.	None.	N/A
Unquoted equity securities	14,908,360	-	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.

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

Financial assets	Fair value as at 30 September 2021 (unaudited) AED	31 December 2020 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVTPL						
Quoted equity securities	106,120,208	105,112,042	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	90,206,069	86,080,159	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	49,124,318	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	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.

26 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 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.