

**Abu Dhabi National Insurance Company PJSC
and its subsidiary**

Condensed consolidated interim financial information

31 March 2020

Principal business address:

Abu Dhabi National Insurance Company PJSC
P.O. Box: 839
Abu Dhabi
UAE

Abu Dhabi National Insurance Company PJSC

Composition of Board of Directors

Chairman:	Sheikh Mohamed Bin Saif Al-Nahyan
Vice Chairman:	Sheikh Theyab Bin Tahnoon Al-Nahyan
Members:	H.E. Sultan Rashed Al-Dhaheri Mr. Abdulla Khalaf Al-Otaiba Mr. Omar Liaqat Mr. Abdulrahman Hamad Al-Mubarak Mr. Hazza Mohamed Rubayea Al-Mheiri Mr. Hamoodah Ghanem Bin Hamoodah Mr. Mohamed Khalaf Al-Otaiba
Chief Executive Officer:	Mr. Ahmad Idris
Address:	P.O. Box 839 Abu Dhabi United Arab Emirates
External auditors:	KPMG Lower Gulf Limited

Abu Dhabi National Insurance Company P.J.S.C.
Board of Directors' Statement
For the three-month period ended 31 March 2020

The Board of Directors is pleased to report Abu Dhabi National Insurance Company's financial results for the three months ended 31 March 2020. Despite a difficult macro environment, ADNIC reported a robust set of numbers and achieved growth in both top-line as well as profitability. ADNIC also added its full support to the UAE's comprehensive response measures in the fight against COVID-19.

Like other businesses, ADNIC has also had to face the challenges of the COVID-19 global pandemic and the disruptions caused to daily life. The company faced up to these challenges and managed to reorganise its infrastructure to support its customers. As the pandemic develops the company will take proactive steps to ensure minimal disruption to business as well as continuous support to our customers and key stakeholders.

During the first quarter of 2020, ADNIC continued to capture market share across several business lines and gross premiums increased to AED 1.87 billion, a growth of 7.7% compared to the first quarter of the previous year. Maintaining a profitable book of business is equally important and consequently underwriting profits showed a substantial increase to AED 151.2 million, a growth of 79.4% over the previous year. Financial market volatility impacted investment returns somewhat, albeit at a much lower level compared to the broader market drawdown. We expect financial markets and economies to recover over time. Given the ongoing COVID-19 situation, ADNIC has focused strongly on maintaining cost discipline. Total net profits for the quarter stood at AED 122.6 million compared to AED 52.6 million in the same period in 2019. As a result, earnings per share were AED 0.22 per share for the quarter compared to AED 0.09 per share in first quarter 2019.

The company continues to maintain adequate loss reserves and total technical reserves at the end of the quarter were AED 5.14 billion. Given the financial market volatility the focus has been to maintain adequate levels of liquidity to support the business. Cash & deposit balances at the end of the quarter were AED 727.4 million. ADNIC's balance sheet continues to be strongly capitalised. Shareholders' equity at the end of the quarter was AED 2.05 billion and total assets at AED 8.77 billion. Notwithstanding the challenges caused by the pandemic, ADNIC's solvency remains well above the regulatory requirement, as demonstrated over the past few years.

ADNIC is proud to support the UAE Government and community in navigating the different challenges created by the COVID-19 outbreak. In challenging times, ADNIC has taken several steps to support its customers and employees during the outbreak. The company contributed to the wider UAE community by partnering with Ma'an Abu Dhabi on its 'Together We Are Good' programme, while becoming one of the country's first insurers to arrange teleconsultation facilities for customers with medical providers. ADNIC also put in place comprehensive business continuity plans to navigate through the current situation, and will continue to invest in latest technologies to adapt as needed.

ADNIC's Board of Directors commends the UAE authorities for taking fast and decisive action to fight against the spread of COVID-19 and extends their gratitude to the brave and dedicated work being done by medical professionals and front-line personnel.

On behalf of the Board of Directors, I would like to extend our sincere gratitude to His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister, and Ruler of Dubai, and His Highness Sheikh Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, for their continued support.

I would also like to express my gratitude towards our customers, partners and shareholders for their support during this unprecedented time, and ADNOC employees for their continuous commitment to our customers and their contribution to the community during this challenging time.



Sheikh Mohamed Bin Saif Al-Nahyan
Chairman of the Board

Abu Dhabi National Insurance Company P.J.S.C.
Chief Executive Officer's Statement
For the three-month period ended 31 March 2020

I hereby present ADNIC's financial results for the three-month period ended 31 March 2020.

ADNIC's net profit reached AED 122.6 million for the first quarter of 2020, a 133.1% increase compared to the same quarter last year. Our solid financial performance in the first quarter reflects our ability to adapt to challenging market conditions, the fundamental strength of the company and the exceptional contribution of our employees to provide uninterrupted service to customers.

ADNIC implemented a number of prudent measures to ensure the wellbeing of all stakeholders in response to the COVID-19 outbreak, putting in place a comprehensive business continuity plan to provide uninterrupted services to our customers and fully utilising the technological resources at our disposal. Our customers are at the heart of everything we do, and I am proud that we continued to deliver on our promise of being their *reliable insurer* during this difficult time.

ADNIC also continued to give back to the local community through our wide-ranging and long-standing CSR initiatives and activities. We made valuable contributions to the wider community by partnering with Ma'an Abu Dhabi towards the 'Together We Are Good' programme to support the UAE community in addressing the fight against the pandemic.

Key Financial Highlights

Gross Written Premiums

For the first quarter of 2020 ended 31st March 2020, ADNIC's gross written premiums increased by 7.7% to AED 1.87 billion, compared to AED 1.74 billion for the same period in 2019.

Premium Retention

The overall premium retention ratio is 32% for the first quarter ended 31st March 2020, compared to 33% for the same period in 2019.

Net Underwriting Income

For the first quarter ended 31st March 2020, ADNIC's net underwriting profit increased by 79.4% to AED 151.2 million, against AED 84.3 million for the same period in 2019.

General and Administrative Expenses

General and administrative expenses for the first quarter ended 31st March 2020 stood at AED 63.6 million, compared to AED 64.0 million for the same period in 2019.

Net Technical Profit

Net technical profit for the first quarter ended March 31st 2020 increased by 336.8% to AED 89.1 million, against AED 20.4 million for the same period in 2019.

Net Investment Income

ADNIC's net investment and other income increased by 8.4% to AED 35.0 million for first quarter ended 31st March 2020, compared to AED 32.3 million for the same period in 2019.

Net Profit

For the first quarter ended 3st March 2020, net profit increased by 133.1% to AED 122.6 million, compared to AED 52.6 million for the same period in 2019.

I would like to thank our clients, partners and shareholders for the continuous trust and confidence they have placed in us. I would also like to thank our Board of Directors for their support, our management team and employees for their hard work and dedication to ensure that we continue to deliver the service that our customers expect from us during this challenging time.



Ahmad Idris
Chief Executive Officer

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim financial information

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Independent Auditors' Report

To the Shareholders of Abu Dhabi National Insurance Company PJSC

Report on Review of Condensed Consolidated Interim Financial Information

Introduction

We have reviewed the accompanying 31 March 2020 condensed consolidated interim financial information of Abu Dhabi National Insurance Company PJSC (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2020;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2020;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2020;
- the condensed consolidated interim statement of changes in shareholders' equity for the three-month period ended 31 March 2020;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2020; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of condensed consolidated 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 31 March 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

KPMG Lower Gulf Limited



Saif Fayeze Shamer
Registration No: 1131
Abu Dhabi, United Arab Emirates
Date: 30 April 2020

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of financial position

as at

		<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
	<i>Note</i>		
Assets			
Property and equipment		75,538	71,950
Financial assets at amortised cost	7	806,022	800,872
Financial assets at fair value through other comprehensive income	7	965,431	1,203,104
Financial assets at fair value through profit or loss	7	335,915	325,493
Investment properties		697,909	703,027
Statutory deposits	8	10,000	10,000
Insurance balances receivable	5	1,512,092	962,770
Reinsurers' share of unearned premiums reserve	6	1,594,153	926,667
Reinsurers' share of outstanding claims reserves	6	1,588,437	1,634,783
Reinsurers' share of claims incurred but not reported reserve	6	314,370	259,317
Prepayments and other receivables	5	153,632	112,660
Deposits	8	271,216	128,292
Bank balance and cash	8	446,202	782,073
Total assets		8,770,917	7,921,008
Equity and liabilities			
Equity			
Share capital		570,000	570,000
Share premium		110,925	110,925
Legal reserve		215,925	215,925
General reserve		1,000,000	1,000,000
Fair value reserve		(69,708)	94,126
Retained earnings		219,972	305,361
Total equity		2,047,114	2,296,337
Liabilities			
Employees' end of service benefits		29,489	30,916
Other payables		343,870	213,388
Accounts payables		1,213,938	1,128,766
		1,587,297	1,373,070
Technical reserves			
Unearned premiums reserve	6	2,307,339	1,385,236
Outstanding claims reserve	6	2,306,251	2,393,205
Claims incurred but not reported reserve	6	487,210	437,454
Allocated and unallocated loss adjustment expenses reserve	6	35,706	35,706
Total technical reserves		5,136,506	4,251,601
Total liabilities		6,723,803	5,624,671
Total equity and liabilities		8,770,917	7,921,008

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.



Chairman of the Board of Directors



Chief Executive Officer

The notes set out on pages 8 to 20 form an integral part of this condensed consolidated interim financial information. The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of profit or loss
for the three-month period ended 31 March (Unaudited)

	<i>Note</i>	2020 AED'000	2019 AED'000
Underwriting income			
Gross premiums written	14	1,874,860	1,741,507
Reinsurance share of gross premiums written	14	(1,273,765)	(1,173,276)
Net premiums written		601,095	568,231
Net transfer to unearned premiums reserve	14	(254,617)	(228,015)
Net premiums earned	14	346,478	340,216
Commission income earned	14	53,421	57,808
Commission expenses incurred	14	(34,830)	(35,007)
Gross underwriting income		365,069	363,017
Gross claims paid	14	(568,546)	(618,383)
Reinsurance share of claims paid	14	324,994	291,249
Net claims paid	14	(243,552)	(327,134)
Change in outstanding claims reserve		86,954	145,480
Change in reinsurance share of outstanding claims reserve		(46,346)	(80,173)
Net decrease / (increase) in incurred but not reported claims reserve		5,297	(7,876)
Net claims incurred		(197,647)	(269,703)
Underwriting income		167,422	93,314
Other income related to underwriting activities	14	2,082	4,268
Other expenses related to underwriting activities	14	(18,281)	(13,257)
Net underwriting income	14	151,223	84,325
Income from investments	10	26,528	24,020
Income from investment properties (rental income), net	10	8,445	8,244
Total income		186,196	116,589
General and administrative expenses		(63,578)	(63,964)
Profit for the period		122,618	52,625
Earnings per share:			
Basic and diluted earnings per share (AED)	11	0.22	0.09

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Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of profit or loss and other comprehensive income

for the three-month period ended 31 March (Unaudited)

	2020	2019
	AED'000	AED'000
Profit for the period	122,618	52,625
Other comprehensive income		
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>		
(Loss) / gain on sale of equity investments at fair value through other comprehensive income, <i>net</i>	(63,452)	1,073
Change in fair value of equity investments at fair value through other comprehensive income, <i>net</i>	(124,457)	16,876
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:</i>		
Change in fair value of debt investments at fair value through other comprehensive income	(39,115)	12,071
Impairment loss on debt investments measured at fair value through other comprehensive income – reclassified to profit or loss	(262)	-
Directors' remuneration	-	(5,800)
Other comprehensive (loss) / income for the period	(227,286)	24,220
Total comprehensive (loss) / income for the period	(104,668)	76,845

The notes set out on pages 8 to 20 form an integral part of this condensed consolidated interim financial information.

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Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of changes in shareholders' equity
for the three-month period ended 31 March (Unaudited)

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Mandatory convertible bond AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2019 (Audited)	375,000	-	187,500	850,000	85,914	305,925	297,400	2,101,739
<i>Total comprehensive income:</i>								
Profit for the period	-	-	-	-	-	-	52,625	52,625
Other comprehensive income / (loss) for the period	-	-	-	-	28,947	-	(4,727)	24,220
Total comprehensive income for the period	-	-	-	-	28,947	-	47,898	76,845
<i>Transactions with owners of the Company:</i>								
Dividend paid (note 9)	-	-	-	-	-	-	(112,500)	(112,500)
Total transactions with owners of the Company	-	-	-	-	-	-	(112,500)	(112,500)
Transfer from retained earnings to general reserve	-	-	-	150,000	-	-	(150,000)	-
Balance at 31 March 2019 (Unaudited)	375,000	-	187,500	1,000,000	114,861	305,925	82,798	2,066,084
Balance at 1 January 2020 (Audited)	570,000	110,925	215,925	1,000,000	94,126	-	305,361	2,296,337
<i>Total comprehensive income:</i>								
Profit for the period	-	-	-	-	-	-	122,618	122,618
Other comprehensive loss for the period	-	-	-	-	(163,834)	-	(63,452)	(227,286)
Total comprehensive (loss) / income for the period	-	-	-	-	(163,834)	-	59,166	(104,668)
<i>Transactions with owners of the Company:</i>								
Dividend paid (note 9)	-	-	-	-	-	-	(144,555)	(144,555)
Total transactions with owners of the Company	-	-	-	-	-	-	(144,555)	(144,555)
Balance at 31 March 2020 (Unaudited)	570,000	110,925	215,925	1,000,000	(69,708)	-	219,972	2,047,114

The notes set out on pages 8 to 20 form an integral part of this condensed consolidated interim financial information.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of cash flows

for the three-month period ended 31 March (Unaudited)

	Note	2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the period		122,618	52,625
<i>Adjustments for:</i>			
Depreciation		4,439	4,978
Amortisation		541	679
Net impairment loss on insurance balances receivable		5,789	3,393
Allowance for impairment loss on other financial assets		(6)	-
Fair value loss / (gain) on financial assets at fair value through profit or loss	10	4,911	(3,321)
Change in fair value of investment properties		2,666	-
Accretion on mandatory convertible bonds		-	700
Amortisation of transaction cost - mandatory convertible bonds		-	45
Loss on disposal of property and equipment		2	-
Provision for employees' end of service benefits		1,015	973
Net cash generated from operations		141,975	60,072
<i>Changes in:</i>			
Insurance balances receivable, prepayments and other receivables		(596,489)	(506,454)
Accounts and other payables		215,654	174,584
Unearned premiums reserve, <i>net</i>		254,617	228,015
Gross outstanding claims and IBNR reserves		(37,198)	(5,635)
Reinsurers' share of outstanding claims and IBNR reserves		(8,707)	(51,796)
Cash used in operations		(30,148)	(101,214)
Employees' end of service benefits paid		(2,442)	(309)
Net cash used in operating activities		(32,590)	(101,523)
Cash flows from investing activities			
Proceeds from sale of investments		184,435	117,348
Purchase of investments		(194,774)	(139,233)
Bank deposits (placed) / withdrawn, <i>net</i>		(143,027)	160,705
Purchase of property and equipment		(5,576)	(1,853)
Net cash (used in) / generated from investing activities		(158,942)	136,967
Cash flows from financing activities			
Dividends paid		(144,555)	(112,500)
Directors' remuneration		-	(5,800)
Net cash used in financing activities		(144,555)	(118,300)
Net decrease in cash and cash equivalents		(336,087)	(82,856)
Cash and cash equivalents at 1 January		782,518	336,769
Cash and cash equivalents at 31 March	8	446,431	253,913

Non-cash transactions include transfer from investment properties to property and equipment of AED 2,452 thousand.

The notes set out on pages 8 to 20 form an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

1 Legal status and activities

Abu Dhabi National Insurance Company PJSC (the ‘Company’) is a public joint stock company registered and incorporated in Abu Dhabi, United Arab Emirates, by Law No. (4) of 1972 as amended, and is governed by the provisions of the Federal Law No. (6) of 2007 concerning the Establishment of the Insurance Authority and Organisation of the Insurance Operations, the Federal Law No. (2) of 2015 concerning the Commercial Companies, Insurance Authority Board decision No. (25) of 2014 Pertinent to Financial Regulations for insurance companies and Insurance Authority Board of Directors’ Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations. The Group’s principal activity is the transaction of insurance and reinsurance business of all classes and is registered with the Insurance Companies Register of Insurance Authority of UAE under registration No. 001. The registered office of the Company is Khalifa Street, ADNIC Building, P. O. Box 839, Abu Dhabi, UAE.

The condensed consolidated interim financial statements of the Group were approved for issuance on behalf of the Board of Directors on 30 April 2020.

2 Basis of preparation

(a) *Statement of compliance*

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Accordingly, this condensed consolidated interim financial information do not include all of the information required for a complete set of financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The results for the three-month period ended 31 March 2020 are not necessarily indicative of the results for the year ending 31 December 2020.

(b) *Basis of measurement*

The condensed consolidated interim financial information has been prepared under the historical cost convention except for investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values.

(c) *Functional and reporting currency*

This condensed consolidated interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

(d) *Use of judgments and estimates*

In preparing this condensed consolidated interim financial information, significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2019.

3 Changes in accounting policies, estimates and judgements

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2019.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

4 Basis of consolidation

The condensed consolidated interim financial information comprises the financial results of the Company and those of its following subsidiary:

Subsidiary	Principal activity	Country of incorporation	Ownership
ADNIC International LTD	*Other activities auxiliary to insurance	United Kingdom	100%

* The Company incorporated a wholly owned subsidiary on 3 July 2017 named ADNIC International LTD to operate as a representative office of the Company in London, England.

The subsidiary is fully consolidated from the date on which control is transferred to the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary are prepared for the same reporting year as the Group, using consistent accounting policies.

5 Insurance balances receivable, prepayments and other receivables

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Insurance balances receivable	1,658,048	1,102,937
<i>Less:</i> allowance for expected credit losses	(145,956)	(140,167)
Insurance balances receivable	1,512,092	962,770
<i>Prepayments and other receivables:</i>		
Deferred acquisition costs	90,434	76,721
Rental income receivables, net	12,224	3,131
Prepayments	20,852	7,146
Other receivables, net of expected credit losses (i)	30,122	25,662
Prepayments and other receivables	153,632	112,660
Total insurance balances receivable, prepayments and other receivables	1,665,724	1,075,430

(i) Other receivables are stated net of expected credit losses amounting to AED 1,931 thousand (31 December 2019: AED 1,525 thousand).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

6 Insurance contract liabilities and reinsurance contract assets

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Insurance contract liabilities		
Unearned premiums reserve (i)	2,307,339	1,385,236
Outstanding claims reserve (ii)	2,341,957	2,428,911
Claims incurred but not reported reserve	487,210	437,454
	<u>5,136,506</u>	<u>4,251,601</u>
Re-insurance contract assets		
Unearned premiums reserve	1,594,153	926,667
Outstanding claims reserve	1,588,437	1,634,783
Claims incurred but not reported reserve	314,370	259,317
	<u>3,496,960</u>	<u>2,820,767</u>
Insurance contract liabilities - net		
Unearned premiums reserve (i)	713,186	458,569
Outstanding claims reserve (ii)	753,520	794,128
Claims incurred but not reported reserve	172,840	178,137
	<u>1,639,546</u>	<u>1,430,834</u>

(i) Unearned premiums reserve includes:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Premiums deficiency reserve - gross	107,768	110,097
Premiums deficiency reserve - net	<u>19,625</u>	<u>29,831</u>
Unexpired risk reserve - gross	53,747	40,860
Unexpired risk reserve - net	<u>16,994</u>	<u>13,080</u>

(ii) Outstanding claims reserve includes allocated and unallocated loss adjustment expenses reserve of AED 35.7 million (31 December 2019: AED 35.7 million).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

7 Investments

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Financial assets at amortised cost	806,022	800,872
Financial assets at fair value through other comprehensive income	965,431	1,203,104
Financial assets at fair value through profit or loss	335,915	325,493
	<u>2,107,368</u>	<u>2,329,469</u>

Geographical concentration of investments is as follows:

Within UAE	1,248,524	1,382,786
Outside UAE	858,844	946,683
	<u>2,107,368</u>	<u>2,329,469</u>

8 Cash and cash equivalents

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Cash on hand	91	90
Statutory deposits	10,000	10,000
Cash / call / current accounts with local banks, including deposits	717,723	910,785
<i>Less:</i> allowance for expected credit losses	(396)	(510)
Total bank balances and cash	727,418	920,365
<i>Less:</i> statutory deposits	(10,000)	(10,000)
<i>Less:</i> deposits with original maturities of three months or more	(271,216)	(128,292)
Bank balances and cash	446,202	782,073
<i>Add:</i> allowance for expected credit losses	229	445
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows	<u>446,431</u>	<u>782,518</u>

Geographical concentration of cash and cash equivalents, statutory deposits and deposits with original maturities of three months or more, net of allowance for expected credit losses is as follows:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Within UAE	677,676	901,153
Outside UAE	49,742	19,212
	<u>727,418</u>	<u>920,365</u>

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

8 Cash and cash equivalents *(continued)*

Interest rates on bank deposits range between 1.58% to 3.50% (31 December 2019: 2.00% to 3.50%).

In accordance with the requirements of Federal Law No. 6 of 2007, concerning Establishment of Insurance Authority and Organisation of its Operations, the Group maintains a bank deposit of AED 10 million (31 December 2019: AED 10 million) which cannot be utilised without the consent of the UAE Insurance Authority.

9 Retained earnings

At the Annual General Assembly held on 15 March 2020 (31 December 2019: 19 March 2019 relating to the results of the year ended 31 December 2018), the Shareholders approved the distribution of cash dividend relating to the results for the year ended 31 December 2019 of AED 0.30 per share amounting to AED 144,555 thousand (31 December 2019: AED 0.30 per share amounting to AED 112,500 thousand).

Dividend on shares resulting from conversion of mandatory convertible bonds are calculated from the date of conversion of bonds of 15 June 2019 in accordance with Article No. (232) of the Commercial Companies Law.

At the Annual General Assembly held on 15 March 2020, the Shareholders approved board of directors' remuneration relating to the results for the year ended 31 December 2019 amounting to AED 5,800 thousand (31 December 2019: AED 5,800 thousand relating to the results for the year ended 31 December 2018).

10 Net investments and other income

	<i>(Unaudited)</i> Three-month period ended	<i>(Unaudited)</i> Three-month period ended
	31 March 2020 AED'000	31 March 2019 AED'000
Income from investment properties (rental income), <i>net</i>	8,445	8,244
Dividend income	24,904	13,088
Net interest income on bank deposits and bonds	10,958	13,080
Decrease in fair value of investment properties	(2,666)	-
Change in fair value of financial assets at fair value through profit or loss	(4,911)	3,321
Other expenses, <i>net</i>	(1,757)	(5,469)
Income from investments, <i>net</i>	26,528	24,020
	34,973	32,264

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

11 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>(Unaudited)</i> Three-month period ended 31 March 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 31 March 2019 AED'000
Profit for the period	122,618	52,625
Accretion recognised during the period on mandatory convertible bonds	-	700
	<hr/>	<hr/>
Profit for the period used for calculating basic and diluted earnings per share	122,618	53,325
	<hr/> <hr/>	<hr/> <hr/>
Ordinary shares outstanding during the period	570,000	375,000
Effect of conversion of mandatory convertible bonds	-	195,000
	<hr/>	<hr/>
Weighted average number of ordinary shares adjusted for the effect of mandatory convertible bonds used for calculating basic and diluted earnings per share	570,000	570,000
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share (AED)	0.22	0.09
	<hr/> <hr/>	<hr/> <hr/>

12 Related parties

Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Government of Abu Dhabi holds 24 percent shareholding in the Group through Abu Dhabi Investment Council.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

12 Related parties (continued)

Pricing policies and terms of these transactions are approved by the management. The Group maintains significant balances with these related parties which arise from commercial transactions as follows:

Balances with related parties included in the condensed consolidated interim statement of financial position are as follows:

	<i>31 March 2020 (Unaudited)</i>			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Insurance balances receivable, prepayments and other receivables	1,277	26	293,788	295,091
Accounts payables	7	-	5,441	5,448
Cash and bank balances	-	-	336,473	336,473
Investments	-	-	386,714	386,714
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	24	67	1,344,117	1,344,208

Others comprise of companies controlled by the directors of the Group and major shareholders.

	<i>31 December 2019 (Audited)</i>			
	<i>Directors and key management AED'000</i>	<i>Major shareholder AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Insurance balances receivable, prepayments and other receivables	1,588	2	143,799	145,389
Accounts payables	316	-	11,031	11,347
Cash and bank balances	-	-	127,087	127,087
Investments	-	-	417,847	417,847
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	103	70	1,014,827	1,015,000

Contingent liabilities issued in favor of related parties as at 31 March 2020 amounted to AED 98,541 thousand (31 December 2019: AED 96,237 thousand).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

12 Related parties (continued)

Transactions with related parties during the period are as follows:

<i>Three-month period ended 31 March 2020 (Unaudited)</i>				
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Premiums written	18	54	647,154	647,226
Claims incurred	12	40	125,593	125,645
Dividend income	-	-	3,280	3,280
Interest income	-	-	2,693	2,693
Directors remuneration	5,800	-	-	5,800
Other investment income	-	-	42	42

<i>Three-month period ended 31 March 2019 (Unaudited)</i>				
	<i>Directors and key management AED'000</i>	<i>Major shareholder AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Premiums written	92	64	629,574	629,730
Claims incurred	-	1	92,347	92,348
Dividend income	-	-	2,389	2,389
Interest income	-	-	5,470	5,470
Directors remuneration	5,800	-	-	5,800
Other investment income	-	-	46	46

Compensation of key management personnel is as follows:

	(Unaudited) Three-month period ended 31 March 2020 AED'000	(Unaudited) Three-month period ended 31 March 2019 AED'000
Salaries and short-term benefits	5,941	5,566
Staff end of service benefits	177	134
	6,118	5,700

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

13 Fair value of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Assets measured at fair value – fair value hierarchy

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<i>31 March 2020 (Unaudited)</i>				
Financial assets at fair value through profit or loss	1,208	-	334,707	335,915
Financial assets at fair value through OCI	788,417	-	177,014	965,431
	<u>789,625</u>	<u>-</u>	<u>511,721</u>	<u>1,301,346</u>
<i>31 December 2019 (Audited)</i>				
Financial assets at fair value through profit or loss	1,871	-	323,622	325,493
Financial assets at fair value through OCI	1,027,605	-	175,499	1,203,104
	<u>1,029,476</u>	<u>-</u>	<u>499,121</u>	<u>1,528,597</u>

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

13 Fair value of financial instruments *(continued)*

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated interim financial information approximate their fair values.

	Carrying amount AED'000	Fair value AED'000
<i>31 March 2020 (Unaudited)</i>		
Financial assets at amortised cost	806,022	801,937
<i>31 December 2019 (Audited)</i>		
Financial assets at amortised cost	800,872	822,750

Movement in level 3 for investments carried at fair value through profit or loss and investments at fair value through OCI is as follows:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Balance as at 1 January	499,121	501,799
Change in fair value	(8,418)	(26,341)
Additions	50,648	105,855
Transfers	-	(18,275)
Disposals	(29,630)	(63,917)
Balance as at period / year end	511,721	499,121

During the three-month period ended 31 March 2020, there were no transfers between the levels (*31 December 2019: from Level 3 to Level 1 of AED 18,275 thousand*).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

14 Segment information

The Group is organised into two main business segments:

Underwriting of commercial lines of business – incorporating all classes of general insurance including marine cargo, marine hull, aviation, energy, property and engineering; and

Underwriting of consumer line of business – incorporating all classes of insurance including accident, motor and medical.

	<i>Three-month period ended 31 March 2020 (Unaudited)</i>		
	Commercial AED'000	Consumer AED'000	Total AED'000
Gross premiums written	1,099,992	774,868	1,874,860
<i>Less: reinsurance share of gross premiums written</i>	(964,599)	(309,166)	(1,273,765)
Net premiums written	135,393	465,702	601,095
Net change in unearned premiums reserve	(25,544)	(229,073)	(254,617)
Net premiums earned	109,849	236,629	346,478
Gross claims paid	(255,289)	(313,257)	(568,546)
<i>Less: reinsurance share of claims paid</i>	203,290	121,704	324,994
Net claims paid	(51,999)	(191,553)	(243,552)
Net change in outstanding claims and incurred but not reported claims reserves	18,888	27,017	45,905
Net claims incurred	(33,111)	(164,536)	(197,647)
Commission income earned	32,703	20,718	53,421
Commission expenses incurred	(25,409)	(9,421)	(34,830)
Net commissions income	7,294	11,297	18,591
Other underwriting income	1,510	572	2,082
Other underwriting expenses	(5,618)	(12,663)	(18,281)
Net other underwriting expenses	(4,108)	(12,091)	(16,199)
Net underwriting income	79,924	71,299	151,223
Net investment and other income			34,973
General and administrative expenses			(63,578)
Profit for the period			122,618

Assets and liabilities of the Group are commonly used across the segments. There were no transactions between the segments.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

14 Segment information (continued)

	<i>Three-month period ended 31 March 2019 (Unaudited)</i>		
	<i>Commercial</i> <i>AED'000</i>	<i>Consumer</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross premiums written	933,403	808,104	1,741,507
<i>Less: reinsurance share of gross premiums written</i>	<i>(790,441)</i>	<i>(382,835)</i>	<i>(1,173,276)</i>
Net premiums written	142,962	425,269	568,231
Net change in unearned premiums reserve	(49,648)	(178,367)	(228,015)
Net premiums earned	93,314	246,902	340,216
Gross claims paid	(278,914)	(339,469)	(618,383)
<i>Less: reinsurance share of claims paid</i>	<i>203,245</i>	<i>88,004</i>	<i>291,249</i>
Net claims paid	(75,669)	(251,465)	(327,134)
Net change in outstanding claims and incurred but not reported claims reserves	25,468	31,963	57,431
Net claims incurred	(50,201)	(219,502)	(269,703)
Commission income earned	37,820	19,988	57,808
Commission expenses incurred	(23,958)	(11,049)	(35,007)
Net commissions income	13,862	8,939	22,801
Other underwriting income	2,828	1,440	4,268
Other underwriting expenses	(4,166)	(9,091)	(13,257)
Net other underwriting expenses	(1,338)	(7,651)	(8,989)
Net underwriting income	55,637	28,688	84,325
Net investment and other income			32,264
General and administrative expenses			(63,964)
Profit for the period			52,625

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

15 Contingent liabilities and commitments

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Commitments in respect of uncalled subscription of equities held as investments	50,987	64,600
Bank guarantees	209,030	218,602
Letters of credit	384	384

The above bank guarantees and letters of credit were issued in the normal course of business.

Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of the business. Management, based on advice from independent loss adjusters, internal and external legal counsels, makes provision, where applicable, representing amounts expected to result in a probable outflow of economic resources.

16 COVID-19 impact on the Group

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic, the Group's medical business is anticipating fewer losses due to policy exclusion for pandemic and a reduction on the claims outgo as elective treatments are cancelled or postponed. For commercial business, the Group anticipates more claims due to Business Interruption (BI) on all-risk policies. However, this is not expected to have a material impact in relation to the net claims paid due to lower retention levels of the Group. The impact on life insurance is not anticipated to have a material impact due to low rate of deaths.

Further, the Group's reinsurance arrangements which are approved by the Group's reinsurance committee, are generally placed with international reputed reinsurance companies with high credit ratings. The steps taken by the Company to estimate the impact of COVID-19 and the judgments applied by management in assessing the values of assets and liabilities as at 31 March 2020 includes both quantitative and qualitative criteria and are subject to significant judgment due to the rapidly changing dynamics of COVID-19. Further, the Group maintains strong liquidity position and continues to monitor and respond to all liquidity requirements that are presented. The Group has calibrated stress testing scenarios to current market conditions in order to assess the impact on the Group in current extreme stress.

As part of its continuing response to the outbreak, the Group became one of the country's first insurers to arrange teleconsultation facilities for customers with medical providers and has implemented a number of support measures for stakeholders. The Group has also contributed to the wider UAE community by partnering with Ma'an Abu Dhabi and making an AED 3 million donation to its 'Together We Are Good' programme.

The Group has remained fully operational throughout and has established comprehensive business continuity and remote working plans enabled by the right technologies and systems to ensure uninterrupted services to customers. The outbreak has not caused any significant delays in policies issuance and claims settlements. However, the Group will continue to monitor the effects of COVID-19 on customers and its operations and will take further action as needed. Further, the Group may not have a major impact on the premium growth, however there may be an impact on the Groups Investment Income in future due to economic instability and uncertainty.