

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

Condensed consolidated interim financial information

31 March 2021

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 2021

The Board of Directors is pleased to report Abu Dhabi National Insurance Company's financial results for the three months ended 31 March 2021.

ADNIC started the year on a strong note and generated a gross written premium of AED 1.90 billion and a net profit of AED 133.6 million, representing a 1.2% and 9.0% increase respectively compared to the first quarter of 2020.

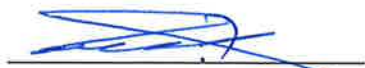
Underwriting discipline was maintained and ADNIC delivered solid underwriting income with 17.2% growth, compared to same quarter last year. The growth in underwriting income was due to the high client retention ratio and to winning new business whilst maintaining our prudent underwriting approach. Investment income through P&L was up 8.5% compared to prior year and total investment return has recovered strongly with normalisation in financial market conditions.

ADNIC remains focused on delivering high level of service and improving efficiencies through judicious investments in technology. The net profit for the first quarter represents an earnings per share of AED 0.23.

Globally, the insurance sector continues to face the challenges of COVID-19 pandemic and the disruptions caused to businesses and individuals. ADNIC continuously supports its customers and partners through this challenging period. The company has put in place several measures to ensure seamless delivery of insurance operations and claims services. Additionally, ADNIC will continue to support the government's plans and participate in several CSR and charitable initiatives.

We are grateful for the guidance received by the UAE's leadership and 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.

I want to thank our customers, partners and shareholders for their continued trust in us. I also wish to thank our employees for working hard through these challenging times to support our business.



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 2021

I am pleased to present ADNIC's financial results for the three-month period ended 31 March 2021.

ADNIC's net profit reached AED 133.6 million for the first quarter of 2021, a 9.0% increase compared to the same quarter last year. Our solid first quarter financial performance resulted from our ability to adapt to challenging market conditions, our digital-first mindset, and the fundamental strength of our company. We also continued to deliver on our promise of being our customers' reliable insurer.

To support the people and communities we serve, ADNIC has continued to implement prudent safety measures in response to the COVID-19 pandemic and partnered with numerous CSR and charitable initiatives that contribute to the betterment of society.

Key Financial Highlights

Gross Written Premiums

For the first quarter of 2021 ended 31st March 2021, ADNIC's gross written premiums increased by 1.2% to AED 1.90 billion, compared to AED 1.87 billion for the same period in 2020.

Premium Retention

The overall premium retention ratio is 32.9% for the first quarter ended 31st March 2021, compared to 32.1 % for the same period in 2020.

Net Underwriting Income

For the first quarter ended 31st March 2021, ADNIC's net underwriting profit increased by 17.2% to AED 177.2 million, against AED 151.2 million for the same period in 2020.

General and Administrative Expenses

General and administrative expenses for the first quarter ended 31st March 2021 stood at AED 81.5 million, compared to AED 63.6 million for the same period in 2020.

Net Technical Profit

Net technical profit for the first quarter ended March 31st 2021 increased by 8.9% to AED 97.0 million, against AED 89.1 million for the same period in 2020.

Net Investment Income

ADNIC's net investment and other income increased by 8.5% to AED 38.0 million for first quarter ended 31st March 2021, compared to AED 35.0 million for the same period in 2020.

Net Profit

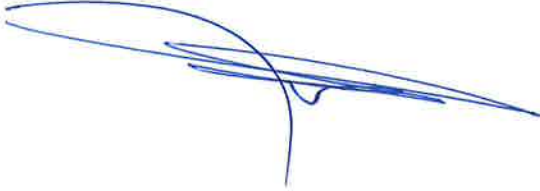
For the first quarter ended 31st March 2021, net profit increased by 9% to AED 133.6 million, compared to AED 122.6 million for the same period in 2020.

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.

Looking ahead, we will also continually evolve our operations and offering to deliver on our purpose and meet the needs of our stakeholders.

Ahmad Idris
Chief Executive Officer

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Ahmad Idris.

**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 the Review of Condensed Consolidated Interim Financial Information

Introduction

We have reviewed the accompanying 31 March 2021 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 2021;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of changes in shareholders' equity for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2021; 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 2021 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 Shawer
Registration No: 1131
Abu Dhabi, United Arab Emirates
Date: 02 MAY 2021

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of financial position

as at

		<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Assets			
Property and equipment		68,392	70,186
Financial assets at amortised cost	7	853,514	850,951
Financial assets at fair value through other comprehensive income	7	1,415,436	1,282,308
Financial assets at fair value through profit or loss	7	392,170	358,439
Investment properties		681,632	684,190
Statutory deposits	8	10,000	10,000
Insurance balances receivable	5	1,637,123	1,085,657
Reinsurers' share of unearned premiums reserve	6	1,564,879	1,007,567
Reinsurers' share of outstanding claims reserve	6	1,526,030	1,638,954
Reinsurers' share of mathematical reserve	6	1,177	-
Reinsurers' share of claims incurred but not reported reserve	6	288,745	358,930
Prepayments and other receivables	5	142,587	112,448
Deposits	8	61,659	274,851
Bank balances and cash	8	499,357	595,300
Total assets		9,142,701	8,329,781
Equity and liabilities			
Equity			
Share capital		570,000	570,000
Share premium		110,925	110,925
Legal reserve		253,025	253,025
General reserve		1,000,000	1,000,000
Fair value reserve		165,909	155,252
Reinsurance default risk reserve		19,688	13,319
Retained earnings	9	350,729	404,548
Total equity		2,470,276	2,507,069
Liabilities			
Employees' end of service benefits		26,816	26,557
Bank overdraft	8	68,167	-
Other payables		412,706	288,389
Accounts payables		1,217,393	1,145,714
		1,725,082	1,460,660
Technical reserves			
Unearned premiums reserve	6	2,291,578	1,481,936
Outstanding claims reserve	6	2,179,719	2,319,993
Mathematical reserve	6	19,883	-
Claims incurred but not reported reserve	6	425,229	529,189
Allocated and unallocated loss adjustment expenses reserve	6	30,934	30,934
Total technical reserves		4,947,343	4,362,052
Total liabilities		6,672,425	5,822,712
Total equity and liabilities		9,142,701	8,329,781

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 22 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)

	Note	2021 AED'000	2020 AED'000
Underwriting income			
Gross premiums written	14	1,897,531	1,874,860
Reinsurance share of gross premiums written	14	(1,273,858)	(1,273,765)
Net premiums written		623,673	601,095
Net transfer to unearned premiums reserve	14	(252,330)	(254,617)
Net transfer to mathematical reserve	14	(18,706)	-
Net premiums earned	14	352,637	346,478
Commission income earned	14	56,103	53,421
Commission expenses incurred	14	(37,480)	(34,830)
Gross underwriting income		371,260	365,069
Gross claims paid	14	(451,563)	(568,546)
Reinsurance share of claims paid	14	210,190	324,994
Net claims paid	14	(241,373)	(243,552)
Change in outstanding claims reserve		140,274	86,954
Change in reinsurance share of outstanding claims reserve		(112,924)	(46,346)
Net change in claims incurred but not reported reserve		33,775	5,297
Net claims incurred		(180,248)	(197,647)
Underwriting income		191,012	167,422
Other income related to underwriting activities	14	5,313	2,082
Other expenses related to underwriting activities	14	(19,146)	(18,281)
Net underwriting income	14	177,179	151,223
Income from investments, <i>net</i>	10	34,641	26,528
Income from investment properties (rental income), <i>net</i>	10	3,310	8,445
Total income		215,130	186,196
General and administrative expenses		(59,325)	(57,789)
Charge for expected credit losses of insurance balances receivable		(22,195)	(5,789)
Profit for the period		133,610	122,618
Earnings per share:			
Basic and diluted earnings per share (AED)	11	0.23	0.22

The notes set out on pages 8 to 22 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 profit or loss and other comprehensive income

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

	2021 AED'000	2020 AED'000
Profit for the period	133,610	122,618
Other comprehensive income		
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>		
Gain / (loss) on sale of equity investments at fair value through other comprehensive income, <i>net</i>	18,440	(63,452)
Change in fair value of equity investments at fair value through other comprehensive income, <i>net</i>	35,118	(124,457)
<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, <i>net</i>	(24,356)	(39,115)
Debt investments measured at fair value through other comprehensive income – reclassified to profit or loss	(105)	(262)
Other comprehensive income / (loss) for the period	<u>29,097</u>	<u>(227,286)</u>
Total comprehensive income / (loss) for the period	<u><u>162,707</u></u>	<u><u>(104,668)</u></u>

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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	Reinsurance default risk reserve AED'000	Retained earnings AED'000	Total AED'000
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
Balance at 1 January 2021 (Audited)	570,000	110,925	253,025	1,000,000	155,252	13,319	404,548	2,507,069
<i>Total comprehensive income:</i>								
Profit for the period	-	-	-	-	-	-	133,610	133,610
Other comprehensive income for the period	-	-	-	-	10,657	-	18,440	29,097
Total comprehensive income for the period	-	-	-	-	10,657	-	152,050	162,707
<i>Transactions with owners of the Company:</i>								
Dividend paid (note 9)	-	-	-	-	-	-	(199,500)	(199,500)
Total transactions with owners of the Company	-	-	-	-	-	-	(199,500)	(199,500)
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	6,369	(6,369)	-
Balance at 31 March 2021 (Unaudited)	570,000	110,925	253,025	1,000,000	165,909	19,688	350,729	2,470,276

The notes set out on pages 8 to 22 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	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the period		133,610	122,618
<i>Adjustments for:</i>			
Depreciation		4,220	4,439
Amortisation		515	541
Net impairment loss on insurance balances receivable		22,195	5,789
Reversal of allowance for impairment loss on other financial assets		(274)	(6)
Fair value (gain) / loss on financial assets at fair value through profit or loss	10	(2,175)	4,911
Change in fair value of investment properties	10	2,558	2,666
Loss on disposal of property and equipment		5	2
Provision for employees' end of service benefits		1,271	1,015
Net cash generated from operations		161,925	141,975
<i>Changes in:</i>			
Insurance balances receivable, prepayments and other receivables		(604,297)	(596,489)
Accounts and other payables		195,996	215,654
Unearned premiums reserve, <i>net</i>		252,330	254,617
Mathematical reserve, <i>net</i>		18,706	-
Gross outstanding claims and IBNR reserves		(244,234)	(37,198)
Reinsurers' share of outstanding claims and IBNR reserves		183,109	(8,707)
Cash used in operations		(36,465)	(30,148)
Employees' end of service benefits paid		(1,012)	(2,442)
Net cash used in operating activities		(37,477)	(32,590)
Cash flows from investing activities			
Proceeds from sale of investments		262,305	184,435
Purchase of investments		(400,650)	(194,774)
Bank deposits withdrawn / (placed), <i>net</i>		213,392	(143,027)
Purchase of property and equipment		(2,431)	(5,576)
Net cash generated from / (used in) investing activities		72,616	(158,942)
Cash flows from financing activities			
Dividend paid		(199,500)	(144,555)
Net cash used in financing activities		(199,500)	(144,555)
Net decrease in cash and cash equivalents		(164,361)	(336,087)
Cash and cash equivalents at 1 January		595,827	782,518
Cash and cash equivalents at 31 March	8	431,466	446,431

The notes set out on pages 8 to 22 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 Company's principal activity is the transaction of insurance and reinsurance business of all classes and is registered with the Insurance Companies Register of Central Bank of UAE (previously the Insurance Authority) under registration No. 001. The registered office of the Company is located at Khalifa Street, ADNIC Building, P. O. Box 839, Abu Dhabi, UAE.

2 Basis of preparation

(a) 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.

(b) 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 does 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 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The results for the three-month period ended 31 March 2021 are not necessarily indicative of the results for the year ending 31 December 2021.

(c) 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.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

2 Basis of preparation *(continued)*

(d) 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.

(e) Use of judgments and estimates

In preparing this condensed consolidated interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2020, except the following estimate for mathematical reserve which is applicable from 1 January 2021.

Mathematical reserve

Considerable judgment by management is required in the estimation of mathematical reserve which is calculated for long term insurance contracts of Insurance of Persons and Fund Accumulation Operations of the Group (with policy term of more than one year), to cover all future claim liabilities as determined by actuarial valuation as at the statement of financial position date. The Group bases these estimates on standard industry and mortality tables that best reflect historical mortality experience adjusted where appropriate to reflect the Group’s own experiences.

3 Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020.

4 New and amended standards and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing this condensed consolidated interim financial information.

IFRS 17 Insurance Contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group plans to adopt the standard on the required effective date and is currently evaluating the expected impact.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

4 New and amended standards and interpretations *(continued)*

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's condensed consolidated interim financial information, when effective:

<i>New standard or amendments</i>	<i>Effective date</i>
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3 - Reference to Conceptual Framework	1 January 2022
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2023

5 Insurance balances receivable, prepayments and other receivables

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Insurance balances receivable	1,808,748	1,235,087
<i>Less: allowance for expected credit losses of insurance balances receivables</i>	(171,625)	(149,430)
Insurance balances receivable	1,637,123	1,085,657
<i>Prepayments and other receivables:</i>		
Deferred acquisition costs	96,882	77,868
Rental income receivables, <i>net</i>	5,905	5,350
Prepayments	12,158	5,017
Other receivables, net of expected credit losses (i)	27,642	24,213
Prepayments and other receivables	142,587	112,448
Total insurance balances receivable, prepayments and other receivables	1,779,710	1,198,105

(i) Other receivables are stated net of expected credit losses amounting to AED 2,261 thousand (31 December 2020: AED 1,764 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 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Insurance contract liabilities		
Unearned premiums reserve (i)	2,291,578	1,481,936
Outstanding claims reserve (ii)	2,210,653	2,350,927
Mathematical reserve	19,883	-
Claims incurred but not reported reserve	425,229	529,189
	<u>4,947,343</u>	<u>4,362,052</u>
Reinsurance contract assets		
Unearned premiums reserve	1,564,879	1,007,567
Outstanding claims reserve	1,526,030	1,638,954
Mathematical reserve	1,177	-
Claims incurred but not reported reserve	288,745	358,930
	<u>3,380,831</u>	<u>3,005,451</u>
Insurance contract liabilities, net		
Unearned premiums reserve (i)	726,699	474,369
Outstanding claims reserve (ii)	684,623	711,973
Mathematical reserve	18,706	-
Claims incurred but not reported reserve	136,484	170,259
	<u>1,566,512</u>	<u>1,356,601</u>

(i) Unearned premiums reserve includes:

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Unearned premiums reserve, gross	2,240,511	1,383,086
Unearned premiums reserve, net	716,324	453,428
Premiums deficiency reserve, gross	-	49,106
Premiums deficiency reserve, net	(413)	9,158
Unexpired risk reserve, gross	51,063	49,739
Unexpired risk reserve, net	9,961	11,778
Unit linked funds reserve – gross and net	4	5

(ii) Outstanding claims reserve includes allocated and unallocated loss adjustment expenses reserve of AED 30.9 million (31 December 2020: AED 30.9 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 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Financial assets at amortised cost	853,514	850,951
Financial assets at fair value through other comprehensive income	1,415,436	1,282,308
Financial assets at fair value through profit or loss	392,170	358,439
	<u>2,661,120</u>	<u>2,491,698</u>

Geographical concentration of investments is as follows:

Within UAE	1,591,492	1,490,675
Outside UAE	1,069,628	1,001,023
	<u>2,661,120</u>	<u>2,491,698</u>

8 Cash and cash equivalents

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Cash on hand	73	77
Statutory deposits (i), (ii)	10,000	10,000
Cash / call / current accounts with banks, including deposits (i)	561,260	870,842
Less: allowance for expected credit losses	(317)	(768)
	<u>571,016</u>	<u>880,151</u>
Total bank balances and cash	571,016	880,151
Less: statutory deposits	(10,000)	(10,000)
Less: deposits with original maturities of three months or more	(61,659)	(274,851)
	<u>499,357</u>	<u>595,300</u>
Bank balances and cash	499,357	595,300
Add: allowance for expected credit losses	276	527
	<u>499,633</u>	<u>595,827</u>
Less: Bank overdrafts repayable on demand and used for cash cash management purposes (iii)	(68,167)	-
	<u>431,466</u>	<u>595,827</u>
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows	431,466	595,827

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

8 Cash and cash equivalents *(continued)*

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 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Within UAE	528,101	846,890
Outside UAE	42,915	33,261
	<u>571,016</u>	<u>880,151</u>

- (i) Interest rates on bank deposits range between 0.66% to 1.45% (31 December 2020: 0.50% to 2.50%).
- (ii) In accordance with the requirements of Federal Law No. 6 of 2007, concerning Establishment of Insurance Authority (currently Central Bank) and Organisation of its Operations, the Group maintains bank deposits of AED 10 million (31 December 2020: AED 10 million) which cannot be utilised without the consent of the Chairman of the UAE Insurance Authority's (currently Central Bank) Board of Directors.
- (iii) During the period, the Group availed an overdraft facility of AED 200 million which is unsecured. Interest is payable at 3 months EIBOR plus 1.6% per annum and the tenure of the facility is 12 months. As at reporting date the Group has utilised the facility upto AED 68 million.

9 Retained earnings

At the Annual General Assembly held on 21 March 2021 (31 December 2020: held on 15 March 2020 relating to the results of the year ended 31 December 2019), the Shareholders approved the distribution of cash dividend relating to the results for the year ended 31 December 2020 of AED 0.35 per share amounting to AED 199,500 thousand (31 December 2020: AED 0.30 per share amounting to AED 144,555 thousand).

10 Net investments and other income

	<i>(Unaudited)</i> Three-month period ended 31 March	
	2021 AED'000	2020 AED'000
Income from investment properties (rental income), <i>net</i>	3,310	8,445
Dividend income	28,544	24,904
Net interest income on bank deposits and bonds	8,348	10,958
Decrease in fair value of investment properties	(2,558)	(2,666)
Net change in fair value of financial assets at fair value through profit or loss	2,175	(4,911)
Other expenses, <i>net</i>	(1,868)	(1,757)
Income from investments, <i>net</i>	<u>34,641</u>	<u>26,528</u>
Net investments and other income	<u>37,951</u>	<u>34,973</u>

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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	
	2021	2020
Profit for the period used for calculating earnings per share (AED'000)	133,610	122,618
Ordinary shares outstanding during the period (shares in '000)	570,000	570,000
Basic and diluted earnings per share (AED)	0.23	0.22

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.

Pricing policies and terms of these transactions are approved by 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:

	31 March 2021 <i>(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	108	80	328,460	328,648
Accounts and other payables	634	6	11,062	11,702
End of service benefit payable	2,454	-	-	2,454
Cash and bank balances	-	-	251,631	251,631
Bank overdraft	-	-	68,167	68,167
Investments	-	-	562,356	562,356
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	32	46	1,282,306	1,282,384

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Notes to the condensed consolidated interim financial information

12 Related parties (continued)

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

	31 December 2020 (Audited)			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Insurance balances receivable, prepayments and other receivables	274	-	187,251	187,525
Accounts and other payables	3	126	16,902	17,031
End of service benefit payable	2,158	-	-	2,158
Cash and bank balances	-	-	309,792	309,792
Investments	-	-	485,037	485,037
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	204	59	1,348,610	1,348,873

Contingent liabilities issued in favor of related parties as at 31 March 2021 amounted to AED 92,518 thousand (31 December 2020: AED 94,265 thousand).

Transactions with related parties during the period are as follows (Unaudited):

	Three-month period ended 31 March 2021			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Premiums written	17	23	739,874	739,914
Claims incurred	-	-	152,335	152,335
Dividend income	-	-	4,909	4,909
Interest income	-	-	2,605	2,605
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	41	41

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 (Unaudited): (continued)

	Three-month period ended 31 March 2020			
	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

At the Annual General Assembly held on 21 March 2021, the Shareholders approved board of directors' remuneration relating to the results for the year ended 31 December 2020 amounting to AED 5,800 thousand (31 December 2020: AED 5,800 thousand relating to the results for the year ended 31 December 2019).

Compensation of key management personnel is as follows (Unaudited):

	Three-month period ended 31 March	
	2021 AED'000	2020 AED'000
Salaries and short-term benefits	3,374	5,941
Staff end of service benefits	296	177
	3,670	6,118

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 IFRS. 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.

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13 Fair value of financial instruments (continued)

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
31 March 2021 (Unaudited)				
Financial assets at fair value through profit or loss	111,318	-	280,852	392,170
Financial assets at fair value through other comprehensive income	1,270,802	-	144,634	1,415,436
	<u>1,382,120</u>	<u>-</u>	<u>425,486</u>	<u>1,807,606</u>
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2020 (Audited)				
Financial assets at fair value through profit or loss	70,915	-	287,524	358,439
Financial assets at fair value through other comprehensive income	1,129,481	-	152,827	1,282,308
	<u>1,200,396</u>	<u>-</u>	<u>440,351</u>	<u>1,640,747</u>

The valuation techniques and inputs used in this condensed consolidated interim financial information are consistent with those described in the Group's last annual consolidated financial statements for the year ended 31 December 2020.

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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
31 March 2021 <i>(Unaudited)</i>		
Financial assets at amortised cost	853,514	883,493
31 December 2020 <i>(Audited)</i>		
Financial assets at amortised cost	850,951	891,483

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

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Balance as at 1 January	440,351	499,121
Change in fair value	224	(16,050)
Additions	2,264	130,124
Transfers	-	(96,780)
Disposals	(17,353)	(76,064)
Balance as at period / year end	425,486	440,351

During the three-month period ended 31 March 2021, there were no transfers from Level 3 to Level 1 (31 December 2020: from Level 3 to Level 1 of AED 96,780 thousand).

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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 2021 (Unaudited)</i>		
	Commercial AED'000	Consumer AED'000	Total AED'000
Gross premiums written	1,074,693	822,838	1,897,531
Less: Reinsurance share of gross premiums written	(973,489)	(300,369)	(1,273,858)
Net premiums written	101,204	522,469	623,673
Net transfer to unearned premiums reserve	(4,839)	(247,491)	(252,330)
Net change in mathematical reserves	-	(18,706)	(18,706)
Net premiums earned	96,365	256,272	352,637
Gross claims paid	(149,458)	(302,105)	(451,563)
Less: reinsurance share of claims paid	108,037	102,153	210,190
Net claims paid	(41,421)	(199,952)	(241,373)
Net change in outstanding claims and incurred but not reported claims reserves	45,253	15,872	61,125
Net claims incurred	3,832	(184,080)	(180,248)
Commission income earned	37,261	18,842	56,103
Commission expenses incurred	(22,474)	(15,006)	(37,480)
Net commissions income	14,787	3,836	18,623
Other underwriting income	4,168	1,145	5,313
Other underwriting expenses	(7,151)	(11,995)	(19,146)
Net other underwriting income	(2,983)	(10,850)	(13,833)
Net underwriting income	112,001	65,178	177,179
Net investment and other income			37,951
General and administrative expenses			(59,325)
Charge for expected credit losses of insurance balances receivable			(22,195)
Profit for the period			133,610

Details of segment assets and liabilities as at 31 March 2021 is presented below:

	Commercial AED'000	Consumer AED'000	Investments AED'000	Total AED'000
Segment assets	3,816,959	1,395,581	3,930,161	9,142,701
Segment liabilities	4,899,124	1,761,501	11,800	6,672,425

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

14 Segment information (continued)

	Three-month period ended 31 March 2020 (Unaudited)		
	Commercial AED'000	Consumer AED'000	Total AED'000
Gross premiums written	1,099,992	774,868	1,874,860
Less: Reinsurance share of gross premiums written	(964,599)	(309,166)	(1,273,765)
Net premiums written	135,393	465,702	601,095
Net change to 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)
Less: reinsurance share of claims paid	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 expense	(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			(57,789)
Charge for expected credit losses of insurance balances receivable			(5,789)
Profit for the period			122,618

Details of segment assets and liabilities as at 31 December 2020 is presented below:

	Commercial AED'000	Consumer AED'000	Investments AED'000	Total AED'000
Segment assets	3,426,399	828,730	4,074,652	8,329,781
Segment liabilities	4,531,197	1,277,504	14,011	5,822,712

15 Financial risk management

The Group's risk management policies with regards to financial instruments are the same as those disclosed in the last annual consolidated financial statements of the Group for the year ended 31 December 2020.

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16 Contingent liabilities and commitments

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Commitments in respect of uncalled subscription of equities held as investments	<u>63,614</u>	<u>30,779</u>
Bank guarantees	<u>212,065</u>	<u>215,383</u>
Letters of credit	<u>384</u>	<u>384</u>

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.

17 Impact of COVID-19

On 11 March 2020, the World Health Organization (“WHO”) officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain the spread of the virus.

This note outlines the steps taken by the Group to estimate the impact of COVID-19 and the judgements applied by management in assessing the values of assets and liabilities as at 31 March 2021.

i) Assessment of expected credit loss

The Group used a range of macro-economic factors in the assessment of ECL. The Group periodically reviews and updates selected economic series and applies judgement in determining what constitutes reasonable and forward-looking estimates.

For the three-month period ended 31 March 2021, the Group has used the mechanism to stress the probability scenario weightages to assess additional ECL requirements due to COVID-19 as in comparison to the scenario weightages used as of 31 December 2020.

In the context of COVID-19 crisis, Loss given Default (“LGD”) and Exposure at Default (“EAD”) estimates have also been assessed. This assessment has considered several aspects including cash situation and credit rating of the counterparties.

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17 Impact of COVID-19 *(continued)*

ii) Liquidity risk management

In response to COVID-19 outbreak, the Group continues to monitor and respond to all liquidity requirements that are presented. The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress. As at the reporting date the liquidity position of the Group remains strong and is well placed to absorb and manage the impacts of this disruption. During the period, the Group has availed overdraft facility from a commercial bank for its cash management purposes *(note 8)*.

18 General

The condensed consolidated interim financial information of the Group was approved for issuance on behalf of the Board of Directors on 02 May 2021.