

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

Condensed consolidated interim financial information

*31 March 2019*

**Principal business address:**  
Abu Dhabi National Insurance Company PJSC  
P.O. Box: 839  
Abu Dhabi  
UAE

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

### Condensed consolidated interim financial information

<i>Contents</i>	<i>Page</i>
Independent auditors' report on the review of the condensed consolidated interim financial information	1
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of profit or loss and other comprehensive income	5
Condensed consolidated interim statement of changes in shareholders' equity	6
Condensed consolidated interim statement of cash flows	7
Notes to the condensed consolidated interim financial information	8

## Abu Dhabi National Insurance Company PSC

### Composition of Board of Directors

<b>Chairman:</b>	Sheikh Mohamed Bin Saif Al-Nahyan
<b>Vice Chairman:</b>	Sheikh Theyab Bin Tahnoon Al-Nahyan
<b>Members:</b>	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
<b>Chief Executive Officer:</b>	Mr. Ahmad Idris
<b>Address:</b>	P.O. Box 839 Abu Dhabi United Arab Emirates
<b>External auditors:</b>	KPMG Lower Gulf Limited

**Abu Dhabi National Insurance Company P.J.S.C**  
**Board of Directors' Statement**  
**For the first quarter ended 31<sup>st</sup> March 2019**

On behalf of the Board of Directors of Abu Dhabi National Insurance Company (ADNIC), I would like to present our Board of Directors' Report and Audited Consolidated Financial Statements for the first quarter ended 31<sup>st</sup> March 2019.

ADNIC has delivered significant Gross Written Premium growth in the first quarter of 2019, leaving the company well positioned for further success in the year ahead. The net profit has been impacted by the performance of the Consumer Lines.

As we move into the second quarter, ADNIC will continue leveraging its scale, expertise and competitive advantage to focus on increasing profitability, consolidating its position as one of the leading regional multi-line insurance providers for corporates and individuals, and creating sustainable value for stakeholders while increasing customer satisfaction and retention.

**Cash Balances**

ADNIC's cash balances stood at AED 611.1 million as of 31<sup>st</sup> March 2019, compared to AED 854.6 million as of 31<sup>st</sup> December 2018.

**Investments**

Total investments including cash in time deposits, bank accounts and investment properties stood at AED 3.56 billion as of 31<sup>st</sup> March 2019, compared to 3.75 billion as of 31<sup>st</sup> December 2018.

**Total Assets**

Total assets increased by 14.0% to AED 8.27 billion as of 31<sup>st</sup> March 2019, compared to AED 7.25 billion as of 31<sup>st</sup> December 2018.

**Gross Technical Reserves**

Gross technical reserves increased by 21.8% to AED 4.82 billion as of 31<sup>st</sup> March 2019, compared to AED 3.96 billion as of 31<sup>st</sup> December 2018.


**Shareholders' Equity**

The shareholders' equity position is AED 2.07 billion as of 31<sup>st</sup> March 2019, compared to AED 2.10 billion as of 31<sup>st</sup> December 2018.

**Basic and Diluted Earnings Per Share**

Basic and diluted earnings per share is AED 0.09 as a result of achieving a net profit of AED 52.6 million for the first quarter of 2019, compared to basic and diluted earnings per share of AED 0.17 resulting from a net profit of AED 95.2 million for the same period last year.

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.

  
\_\_\_\_\_  
**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 first quarter ended 31<sup>st</sup> March 2019**

I hereby present ADNIC's financial results for the first quarter ended 31<sup>st</sup> March 2019.

ADNIC achieved significant Gross written premium growth during the first quarter of 2019, with the company performing fairly well in terms of profitability with challenging market conditions. This performance is testament to the strength of our customer service proposition, technical excellence, product and service innovation and commitment to the community. Moving forward, we are focused on achieving our strategic targets over the coming year, including investing in new products and service innovations to create additional value for customers and shareholders.

**Key Financial Highlights**

***Gross Written Premiums***

For the first quarter of 2019 ended 31<sup>st</sup> March 2019, ADNIC's gross written premiums increased by 42.8% to AED 1.74 billion, compared to AED 1.22 billion for the same period in 2018.

***Premium Retention***

The overall premium retention ratio is 33% for the first quarter ended 31<sup>st</sup> March 2019, compared to 52 % for the same period in 2018.

***Net Underwriting Income***

For the first quarter ended 31<sup>st</sup> March 2019, ADNIC's net underwriting profit is AED 84.3 million, against AED 115.5 million for the same period in 2018.

***General and Administrative Expenses***

General and administrative expenses for the first quarter ended 31<sup>st</sup> March 2019 stood at AED 64.0 million, compared to AED 55.3 million for the same period in 2018.

***Net Technical Profit***

Net technical profit for the first quarter ended March 31<sup>st</sup> 2019 is AED 20.4 million, against AED 60.1 million for the same period in 2018.

***Net Investment Income***

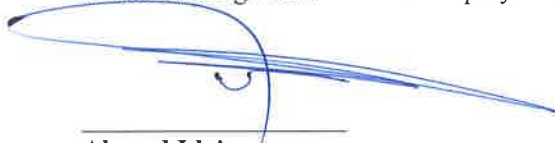
ADNIC's net investment and other income is AED 32.3 million for first quarter ended 31<sup>st</sup> March 2019, compared to AED 35.0 million for the same period in 2018.

***Net Profit***

For the first quarter ended 3<sup>st</sup> March 2019, net profit is AED 52.6 million, compared to AED 95.2 million for the same period in 2018.

***Appreciation***

I would like to thank ADNIC's Board of Directors and shareholders for their continued support, our clients and partners for the trust and confidence they have placed in us, and our management team and employees for their unceasing efforts and dedication.



**Ahmad Idris**  
**Chief Executive Officer**



KPMG Lower Gulf Limited  
Level 19, Nation Tower 2  
Abu Dhabi Corniche, UAE  
Tel. +971 (2) 401 4800, Fax +971 (2) 632 7612

## **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 2019 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 2019;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of changes in shareholders' equity for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2019; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and fair presentation of these 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 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*Other matter*

The condensed consolidated interim financial information for the three-month period ended 31 March 2018 and the consolidated financial statements for the year ended 31 December 2018 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion on the condensed consolidated interim financial information for the three-month period ended 31 March 2018 on 30 April 2018 and an unmodified opinion on the consolidated financial statements for the year ended 31 December 2018 on 12 February 2019.

KPMG Lower Gulf Limited

Saif Fayeze Shawer  
Registration No: 1131  
Abu Dhabi, United Arab Emirates  
Date: 30 APR 2019

# Abu Dhabi National Insurance Company PJSC and its subsidiary

## Condensed consolidated interim statement of financial position

as at

		(Unaudited) 31 March 2019 AED'000	(Audited) 31 December 2018 AED'000
<b>Assets</b>			
Property and equipment		81,793	71,624
Financial assets at amortised cost	7	774,955	774,315
Financial assets at fair value through other comprehensive income	7	1,175,591	1,135,973
Financial assets at fair value through profit or loss	7	284,507	270,218
Investment properties		709,987	709,987
Statutory deposits	8	10,000	10,000
Insurance balances receivable	5	1,345,511	892,649
Reinsurers' share of unearned premiums reserve	6	1,378,808	739,584
Reinsurers' share of outstanding claims reserves	6	1,216,752	1,296,925
Reinsurers' share of claims incurred but not reported reserve	6	450,906	318,937
Prepayments and other receivables	5	235,570	185,417
Deposits	8	347,161	507,866
Bank balance and cash	8	253,913	336,769
<b>Total assets</b>		<b>8,265,454</b>	<b>7,250,264</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		375,000	375,000
Legal reserve		187,500	187,500
General reserve		1,000,000	850,000
Fair value reserve		114,861	85,914
Mandatory convertible bonds – equity component		305,925	305,925
Retained earnings		82,798	297,400
<b>Total equity</b>		<b>2,066,084</b>	<b>2,101,739</b>
<b>Liabilities</b>			
Employees' end of service benefits		32,264	31,600
Other payables		500,715	311,132
Mandatory convertible bonds – liability component		28,659	27,960
Accounts payable		818,038	819,743
		<b>1,379,676</b>	<b>1,190,435</b>
<b>Technical reserves</b>			
Unearned premiums reserve	6	2,151,374	1,284,135
Outstanding claims reserve	6	1,945,032	2,090,512
Claims incurred but not reported reserve	6	677,059	537,214
Allocated and unallocated loss adjustment expenses reserve	6	46,229	46,229
<b>Total technical reserves</b>		<b>4,819,694</b>	<b>3,958,090</b>
<b>Total liabilities</b>		<b>6,199,370</b>	<b>5,148,525</b>
<b>Total equity and liabilities</b>		<b>8,265,454</b>	<b>7,250,264</b>

The condensed consolidated interim financial information of the Group was authorised for issue and approved by the Board of Directors on 30 April 2019, and signed on their behalf by:

  
Chairman of the Board of Directors

  
Chief Executive Officer

The notes set out on pages 8 to 22 form an integral part of these 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	2019 AED'000	2018 AED'000
<b>Underwriting income</b>			
Gross premiums written	14	1,741,507	1,219,206
Reinsurance share of gross premiums	14	(1,173,276)	(581,696)
<b>Net premiums written</b>		<b>568,231</b>	<b>637,510</b>
Net transfer to unearned premiums reserve	14	(228,015)	(281,690)
<b>Net premiums earned</b>	14	<b>340,216</b>	<b>355,820</b>
Commissions earned		57,808	35,716
Commissions incurred		(35,007)	(35,825)
<b>Gross underwriting income</b>		<b>363,017</b>	<b>355,711</b>
Gross claims paid	14	(618,383)	(402,275)
Reinsurance share of claims paid	14	291,249	190,441
<b>Net claims paid</b>	14	<b>(327,134)</b>	<b>(211,834)</b>
Change in outstanding claims reserve		145,480	(112,368)
Change in reinsurance share of outstanding claims reserve		(80,173)	96,783
Net increase in incurred but not reported claims reserve		(7,876)	(3,164)
Net decrease in allocated and unallocated loss adjustment expenses reserve		-	700
<b>Net claims incurred</b>		<b>(269,703)</b>	<b>(229,883)</b>
<b>Underwriting income</b>		<b>93,314</b>	<b>125,828</b>
Other income related to underwriting activities		4,268	2,160
Other expenses related to underwriting activities		(13,257)	(12,496)
<b>Net underwriting income</b>		<b>84,325</b>	<b>115,492</b>
Income from investments	10	24,020	24,724
Income from investment properties	10	8,244	10,283
<b>Total income</b>		<b>116,589</b>	<b>150,499</b>
General and administrative expenses		(63,964)	(55,339)
<b>Profit for the period</b>		<b>52,625</b>	<b>95,160</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share (AED)	11	0.09	0.17

The notes set out on pages 8 to 22 form an integral part of these 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 and other comprehensive income

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

	Note	2019 AED'000	2018 AED'000
Profit for the period		52,625	95,160
Other comprehensive income			
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>			
Gain/(loss) on sale of financial assets at fair value through other comprehensive income		1,073	(1,658)
Changes in fair value of financial assets at fair value through other comprehensive income		28,947	19,934
Directors' remuneration	12	(5,800)	(5,800)
<b>Other comprehensive income for the period</b>		<b>24,220</b>	<b>12,476</b>
<b>Total comprehensive income for the period</b>		<b>76,845</b>	<b>107,636</b>

The notes set out on pages 8 to 22 form an integral part of these 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 changes in shareholders' equity for the three-months period ended 31 March (Unaudited)

	Share capital 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 2018 (Audited)	375,000	187,500	750,000	93,191	305,925	263,983	1,975,599
<i>Total comprehensive income:</i>							
Profit for the period	-	-	-	-	-	95,160	95,160
Other comprehensive income for the period	-	-	-	19,934	-	(7,458)	12,476
Total comprehensive income for the period	-	-	-	19,934	-	87,702	107,636
<i>Transactions with owners of the Company:</i>							
Dividends paid (note 9)	-	-	-	-	-	(93,750)	(93,750)
Total transactions with owners of the Company	-	-	-	-	-	-	-
Transfer from retained earnings to general reserve (note 9)	-	-	100,000	-	-	(100,000)	-
Balance at 31 March 2018 (Unaudited)	375,000	187,500	850,000	113,125	305,925	157,935	1,989,485
<b>Balance at 1 January 2019 (Audited)</b>	<b>375,000</b>	<b>187,500</b>	<b>850,000</b>	<b>85,914</b>	<b>305,925</b>	<b>297,400</b>	<b>2,101,739</b>
<i>Total comprehensive income:</i>							
Profit for the period	-	-	-	-	-	52,625	52,625
Other comprehensive income 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>							
Dividends 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 (note 9)	-	-	150,000	-	-	(150,000)	-
<b>Balance at 31 March 2019 (Unaudited)</b>	<b>375,000</b>	<b>187,500</b>	<b>1,000,000</b>	<b>114,861</b>	<b>305,925</b>	<b>82,798</b>	<b>2,066,084</b>

The notes set out on pages 8 to 22 form an integral part of these 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	2019 AED'000	2018 AED'000
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>		<b>52,625</b>	95,160
<i>Adjustments for:</i>			
Depreciation		4,978	3,410
Amortisation		679	837
Net impairment loss on insurance balances receivable		3,393	915
Gain on sale of financial assets at fair value through profit or loss	10	-	(38)
Fair value gain on financial assets at fair value through profit or loss	10	(3,321)	(1,689)
Accretion on mandatory convertible bonds		700	474
Amortisation of transaction cost - mandatory convertible bonds		45	45
Provision for employees' end of service benefits		973	1,023
<b>Net cash generated from operations</b>		<b>60,072</b>	100,137
<i>Changes in:</i>			
Insurance balances receivable, prepayments and other receivables		(506,454)	(710,543)
Accounts payables		174,584	286,568
Unearned premiums reserve - net		228,015	281,690
Gross outstanding claims and IBNR reserves		(5,635)	123,883
Reinsurance share in outstanding claims and IBNR reserves		(51,796)	(105,834)
<b>Cash used in operations</b>		<b>(101,214)</b>	(24,099)
Employees' end of service benefits paid		(309)	(206)
<b>Net cash used in operating activities</b>		<b>(101,523)</b>	(24,305)
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		117,348	142,256
Purchase of investments		(139,233)	(157,972)
Bank deposits withdrawn		160,705	114,046
Acquisition of property and equipment		(1,853)	(1,933)
<b>Net cash generated from investing activities</b>		<b>136,967</b>	96,397
<b>Cash flows from financing activities</b>			
Dividends paid		(112,500)	(93,750)
Directors' remuneration		(5,800)	(5,800)
<b>Net cash used in financing activities</b>		<b>(118,300)</b>	(99,550)
<b>Net decrease in cash and cash equivalents</b>		<b>(82,856)</b>	(27,458)
Cash and cash equivalents at 1 January		336,769	213,504
<b>Cash and cash equivalents at 31 March</b>	8	<b>253,913</b>	186,046

The notes set out on pages 8 to 22 form an integral part of these 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 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 which has come into effect from 1 July 2015, and Insurance Authority Board decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies. The Company's principal activity is the transaction of insurance and reinsurance business of all classes. The registered office of the Company is Khalifa Street, ADNIC Building, P. O. Box 839, Abu Dhabi, UAE.

### 2 Basis of preparation

#### (a) *Statement of compliance*

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, these 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 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The results for the three-month period ended 31 March 2019 are not necessarily indicative of the results for the year ending 31 December 2019.

#### (b) *Basis of measurement*

The condensed consolidated interim financial information has been prepared under the historical cost convention except for investment properties, the 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*

These condensed consolidated interim financial information are presented in United Arab Emirates Dirhams ("AED"), which is the Company'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 these 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 2018.

# Abu Dhabi National Insurance Company PJSC and its subsidiary

## Notes to the condensed consolidated interim financial information

### 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 2018, except the following accounting policies which are applicable from 1 January 2019:

#### **IFRS 16 Leases**

The Group has adopted IFRS 16 'Leases', issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

#### *Lessee accounting*

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Group has assessed that the impact of IFRS 16 is not material on retained earnings as at the reporting date and has presented right of use assets within 'Property and equipment' and lease liabilities within 'Other liabilities' in the condensed consolidated interim statement of financial position.

#### ***Impacts on condensed consolidated interim financial information***

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised AED 11,658 thousand of right-of-use assets (included in property and equipment) and AED 11,731 thousand of lease liabilities as at 31 March 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the three-month ended 31 March 2019, the Group recognised AED 1,636 thousand of depreciation charges and AED 237 thousand of interest costs from these leases.

# 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 comprise 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Abu Dhabi National Insurance Company PJSC and its subsidiary

## Notes to the condensed consolidated interim financial information

### 4 Basis of consolidation *(continued)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

### 5 Insurance balances receivables, prepayments and other receivables

	<i>(Unaudited)</i> <b>31 March</b> <b>2019</b> <b>AED'000</b>	<i>(Audited)</i> 31 December 2018 AED'000
Insurance receivables	<b>1,482,858</b>	1,034,907
Less: Provision for impairment of insurance receivables	<b>(137,347)</b>	(142,258)
Insurance balances receivable	<b>1,345,511</b>	892,649
<i>Prepayments and other receivables:</i>		
Deferred acquisition costs	<b>108,815</b>	81,669
Rental income receivable	<b>40,576</b>	41,643
Prepayments	<b>55,552</b>	40,271
Other receivables, net of provision	<b>30,627</b>	21,834
Prepayments and other receivables	<b>235,570</b>	185,417
Total insurance receivables, prepayments and other receivables	<b>1,581,081</b>	1,078,066



# 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 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
<b>Insurance contract liabilities</b>		
Outstanding claims reserve (i)	1,991,261	2,136,741
Claims incurred but not reported reserve	677,059	537,214
Unearned premiums reserve (ii)	2,151,374	1,284,135
	<u>4,819,694</u>	<u>3,958,090</u>
<b>Re-insurance contract assets</b>		
Outstanding claims reserve	1,216,752	1,296,925
Claims incurred but not reported reserve	450,906	318,937
Unearned premiums reserve	1,378,808	739,584
	<u>3,046,466</u>	<u>2,355,446</u>
<b>Insurance liabilities - net</b>		
Outstanding claims reserve (i)	774,509	839,816
Claims incurred but not reported reserve	226,153	218,277
Unearned premiums reserve (ii)	772,566	544,551
	<u>1,773,228</u>	<u>1,602,644</u>

(i) Outstanding claims reserve includes allocated and unallocated loss adjustment expenses reserve of AED 46,229 thousand (31 December 2018: AED 46,229 thousand).

(ii) Unearned premiums reserve includes:

	<i>(Unaudited)</i> 31 March 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Premiums deficiency reserve - gross	121,100	83,800
Premiums deficiency reserve - net	28,300	25,400
Unexpired risk reserve - gross	47,318	46,438
Unexpired risk reserve - net	18,022	18,809

# Abu Dhabi National Insurance Company PJSC and its subsidiary

## Notes to the condensed consolidated interim financial information

### 7 Investments

	<i>(Unaudited)</i> 31 March 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Financial assets at amortised cost	774,955	774,315
Financial assets at fair value through other comprehensive income	1,175,591	1,135,973
Financial assets at fair value through profit or loss	284,507	270,218
	<u>2,235,053</u>	<u>2,180,506</u>

Geographical concentration of investments is as follows:

Within UAE	1,292,660	1,244,297
Outside UAE	942,393	936,209
	<u>2,235,053</u>	<u>2,180,506</u>

### 8 Cash and cash equivalents

	<i>(Unaudited)</i> 31 March 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Cash on hand	86	87
Statutory deposits	10,000	10,000
Cash / call / current accounts with local UAE banks	600,988	844,548
	<u>611,074</u>	<u>854,635</u>
Less: statutory deposits	(10,000)	(10,000)
Less: deposits with original maturities of three months or more	(347,161)	(507,866)
	<u>253,913</u>	<u>336,769</u>

Geographical concentration of cash and cash equivalents, statutory deposits and deposits with original maturities of three months or more is as follows:

	<i>(Unaudited)</i> 31 March 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Within UAE	589,114	832,599
Outside UAE	21,960	22,036
	<u>611,074</u>	<u>854,635</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 1.40% and 4.00% (31 December 2018: 2.00% to 4.00%).

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 March 2018: 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 19 March 2019 (2018: 19 March 2018 relating to the results of 2017), the Shareholders approved the distribution of cash dividends relating to the results of 2018 of AED 0.30 per share amounting to AED 112,500 thousand (2018: AED 0.25 per share amounting to AED 93,750 thousand).

At the Annual General Assemble held on 19 March 2019, the Shareholders approved board of directors' remuneration relating to the results of 2018 amounting to AED 5,800 thousand (2018: AED 5,800 thousand relating to the results of 2017).

The Board of Directors proposed a transfer of AED 150,000 thousand (2018: AED 100,000 thousand) from retained earnings to general reserve, which was approved in the Annual General Assembly held on 19 March 2019.

### 10 Net investments and other income

	<i>(Unaudited)</i> Three-month period ended	<i>(Unaudited)</i> Three-month period ended
	31 March 2019 AED'000	31 March 2018 AED'000
Income from investment properties	8,244	10,283
Dividend income	13,088	20,491
Net interest income on bank deposits and bonds	13,080	8,854
Changes in fair value of financial assets at fair value through profit or loss	3,321	1,689
Gain on sale of financial assets at fair value through profit or loss	-	38
Other expenses, net	(5,469)	(6,348)
Income from investments, net	24,020	24,724
	<u>32,264</u>	<u>35,007</u>

# 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 earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of the mandatory convertible bonds.

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, plus the weighted average number of ordinary shares that would be issued on the conversion of the mandatory convertible bonds.

	<i>(Unaudited)</i> <b>Three-month period ended</b>	<i>(Unaudited)</i> Three-month period ended
	<b>31 March 2019 AED'000</b>	31 March 2018 AED'000
Profit for the period used for basic earnings per share	52,625	95,160
Accretion recognised during the period on mandatory convertible bonds	700	474
	<hr/>	<hr/>
Profit for the period used for calculating basic and diluted earnings per share	<b>53,325</b>	95,634
	<hr/>	<hr/>
Ordinary shares in issue throughout the period	375,000	375,000
Effect of conversion of mandatory convertible bonds	195,000	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	<b>570,000</b>	570,000
	<hr/>	<hr/>
Basic and diluted earnings per share (AED)	<b>0.09</b>	0.17
	<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 statement of financial position are as follows:*

	<i>31 March 2019 (Unaudited)</i>			
	<b>Directors and key management AED'000</b>	<b>Major shareholder AED'000</b>	<b>Others AED'000</b>	<b>Total AED'000</b>
Insurance receivables, prepayments and other receivables	370	20	358,352	358,742
Accounts payables	1,900	79	11,345	13,324
Cash and bank balances	-	-	409,985	409,985
Investments	-	-	386,338	386,338
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	52	56	503,021	503,129

Others comprise of companies controlled by the directors and other key management personnel.

	<i>31 December 2018 (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 receivables, prepayments and other receivables	285	-	163,799	164,084
Accounts payables	18	72	24,198	24,288
Cash and bank balances	-	-	515,751	515,751
Investments	-	-	353,104	353,104
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	18	1,426	341,262	342,706

Contingent liabilities issued in favor of related parties as at 31 March 2019 amounted to AED 72,326 thousand (31 December 2018: AED 47,388 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 2019 (Unaudited)</i>				
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Premiums written	92	64	629,575	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

<i>Three-month period ended 31 March 2018 (Unaudited)</i>				
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Premiums written	1	-	205,686	205,687
Claims incurred	-	876	31,703	32,579
Dividend income	-	-	2,370	2,370
Interest income	-	-	3,112	3,112
Directors remuneration	5,800	-	-	5,800
Other investment income	-	-	48	48

Compensation of key management personnel is as follows:

	(Unaudited) Three-month period ended	(Unaudited) Three-month period ended
	31 March 2019 AED'000	31 March 2018 AED'000
Salaries and short term benefits	5,566	3,022
Staff end of service benefits	134	114
	<b>5,700</b>	<b>3,136</b>

# 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.

The 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.

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 2019 (Unaudited)</i>				
Financial assets at fair value through profit or loss	-	-	284,507	284,507
Financial assets at fair value through OCI	975,133	-	200,458	1,175,591
	<u>975,133</u>	<u>-</u>	<u>484,965</u>	<u>1,460,098</u>
<i>31 December 2018 (Audited)</i>				
Financial assets at fair value through profit or loss	-	-	270,218	270,218
Financial assets at fair value through OCI	904,392	-	231,581	1,135,973
	<u>904,392</u>	<u>-</u>	<u>501,799</u>	<u>1,406,191</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 2019 (Unaudited)</i>		
Financial assets at amortised cost	<u>774,955</u>	<u>779,143</u>
<i>31 December 2018 (Audited)</i>		
Financial assets at amortised cost	<u>774,315</u>	<u>766,738</u>

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 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Balance as at 1 January	501,799	421,522
Change in fair value	(5,916)	1,128
Additions	16,951	125,647
Transfers	(19,475)	-
Disposals	(8,394)	(46,498)
Balance at 31 December	<u>484,965</u>	<u>501,799</u>

During the three-month period ended 31 March 2019 and year ended 31 December 2018, there were transfers from Level 3 to Level 1 of AED 19,475 thousands.



# 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>31 March 2019 (Unaudited)</i>		
	Commercial AED'000	Consumer AED'000	Total AED'000
Gross premiums written	933,403	808,104	1,741,507
Less: reinsurance premiums ceded	(790,441)	(382,835)	(1,173,276)
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)
Less: reinsurance share of claims paid	203,245	88,004	291,249
Net claims paid	(75,669)	(251,465)	(327,134)
Net change in outstanding claims and incurred but not reported claims	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

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)

	31 March 2018 (Unaudited)		
	Commercial AED'000	Consumer AED'000	Total AED'000
Gross premiums written	671,600	547,606	1,219,206
Less: reinsurance premiums ceded	(522,474)	(59,222)	(581,696)
Net premiums written	149,126	488,384	637,510
Net change in unearned premiums reserves	(48,778)	(232,912)	(281,690)
Net premiums earned	100,348	255,472	355,820
Gross claims paid	(178,084)	(224,191)	(402,275)
Less: reinsurance share of claims paid	112,804	77,637	190,441
Net claims paid	(65,280)	(146,554)	(211,834)
Net change in outstanding claims and incurred but not reported claims	9,184	(27,233)	(18,049)
Net claims incurred	(56,096)	(173,787)	(229,883)
Commission income earned	24,138	11,578	35,716
Commission expenses incurred	(25,586)	(10,239)	(35,825)
Net commissions (expense) income	(1,448)	1,339	(109)
Other underwriting income	1,503	657	2,160
Other underwriting expenses	(4,875)	(7,621)	(12,496)
Net other underwriting expenses	(3,372)	(6,964)	(10,336)
Net underwriting income	39,432	76,060	115,492
Net investment and other income			35,007
General and administrative expenses			(55,339)
Profit for the period			95,160

# 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> <b>31 March</b> <b>2019</b> <b>AED'000</b>	<i>(Audited)</i> 31 December 2018 AED'000
Commitments in respect of uncalled subscription of equities held as investments.	<b>88,016</b>	99,118
Bank guarantees	<b>149,532</b>	160,139
Letters of credit	<b>386</b>	386

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. The 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.