

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

Condensed consolidated interim financial information

30 September 2020

Principal business address:

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

Abu Dhabi National Insurance Company PJSC

Composition of Board of Directors

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

Abu Dhabi National Insurance Company P.J.S.C.
Board of Directors' Statement
For the nine-month period ended 30 September 2020

The Board of Directors is pleased to report Abu Dhabi National Insurance Company's financial results for the nine months ended 30 September 2020. In a year full of uncertainty, our strategic actions have enabled us to deliver resilient results as we recorded a net profit of AED 282.8 million, a 45.5% increase compared to the same quarter last year.

ADNIC continues to demonstrate solid results, while making significant progress against its strategic agenda. Looking at our key financial highlights, our technical underwriting results remained solid with 44.0% growth, compared to same quarter last year. Particularly strong gains were achieved in the total insurance premium reaching AED 3,166.3 million which is 6.2% growth compared to the previous year with AED 2,982.3 million, and the technical profit which increased by 125.5% - reaching 201.8 million in the third quarter of 2020 compared to 89.5 million in the previous year.

The growth in revenue is primarily driven by the Commercial Lines division which has recorded a 12.8% increase compared to the previous year as a result of a successful conversion of new business opportunities. The company delivered a resilient 5% growth across our Employee Benefits division for Q3 2020 on the basis of strong renewal and new business performance.

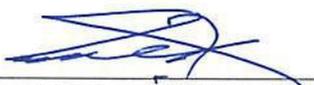
Retail Motor continues to go through a challenging period as a combination of the overall segment slowdown and the emerging premium rate downward pressure in the market. We expect this trend to stabilise in Q4 2020 as our corresponding business strategies are implemented. ADNIC's solvency continue to hold a material surplus above solvency requirements.

General and administrative expenses excluding provision for doubtful debts for the nine month period ended 30 September 2020 decreased by 4.1% to AED 172.2 million compared to AED 179.5 million for the same period in 2019 reflecting the improvement in the operational efficiency.

Total investment income for the year to date (*including Other Comprehensive Income*) was down 81.4% compared to the same period in 2019. The drawdown experienced in March 2020 continues to be an overhang on year-to-date investment returns. However, the other comprehensive income position improved during Q3 2020 versus Q2 2020 by AED 94.3 million and brought total investment income (*including Other Comprehensive Income*) for the year to AED 25.8 million.

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

I would also like to thank our clients, partners and shareholders for the continuous trust and confidence they have placed in ADNIC during this challenging period. As one of the leading UAE insurance companies, we will continue to build on our expertise to deliver new innovative solutions and give back to our community throughout the remainder of the year and beyond.



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 nine-month period ended 30th September 2020

I hereby present ADNOC's financial results for the nine-month period ended 30th September 2020.

I am very pleased to report that ADNOC has demonstrated solid financial performance for the 3rd quarter of 2020 both in terms of gross written premiums as well as net profit. This performance comes as a natural reflection of our comprehensive technical underwriting framework, wide and loyal customer base and our continuous dedication towards delivering market pioneering customer service standards despite the unprecedented and challenging ongoing market conditions. We look forward towards concluding this year strongly while we continue to innovate and strengthen our capabilities to meet the rapidly changing needs of our customers and to achieve superior returns for our shareholders.

Key Financial Highlights

Gross Written Premium

For the nine-month period ended September 30th 2020, ADNOC's Gross Written Premium increased by 6.2% to AED 3.17 billion compared to AED 2.98 billion for the same period in 2019.

Premium Retention

The overall premium retention ratio reached 32.7% for the nine-month period ended September 30th 2020 compared to 30.8% for the same period in 2019.

Net Underwriting Income

For the nine-month period ended September 30th 2020, ADNOC Net Underwriting profit increased by 44.0% to AED 394.7 million, against a Net Underwriting Profit of AED 274.1 million for the same period in 2019.

General and Administrative Expenses

General and Administrative Expenses excluding provision for doubtful debts for nine-month period ended September 30th 2020 decreased by 4.1% to AED 172.2 million compared to AED 179.5 million for the same period in 2019.

Net Technical Profit

Net Technical Profit for the nine-month period ended September 30th 2020 increased by 125.5% to AED 201.8 million, against a Net Technical Profit of AED 89.5 million for the same period in 2019.

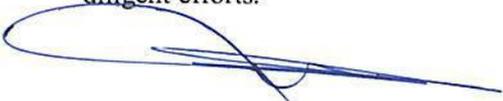
Net Investment Income

ADNOC's Net Investment and Other Income is AED 85.0 million for the nine-month period ended September 30th 2020 compared to AED 106.4 million for the same period in 2019.

Net Profit

For the nine-month period ended September 30th 2020, Net profit increased by 45.5% to AED 282.8 million, compared to a net profit of AED 194.4 million for the same period in 2019.

I would like to thank ADNOC's Board of Directors and shareholders for their continued support, our clients and business partners for their trust in our company and our management team and employees for their diligent efforts.



Ahmad Idris
Chief Executive Officer

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim financial information

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of Abu Dhabi National Insurance Company PJSC

Introduction

We have reviewed the accompanying 30 September 2020 condensed consolidated interim financial information of Abu Dhabi National Insurance Company PJSC (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2020;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2020;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2020;
- the condensed consolidated interim statement of changes in shareholders' equity for the nine-month period ended 30 September 2020;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2020; and
- notes to the condensed consolidated interim financial information.

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



Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Saif Fayeze Shawer
Registration No: 1131
Abu Dhabi, United Arab Emirates
Date: 04 NOV 2020

Abu Dhabi National Insurance Company PJSC and its subsidiary

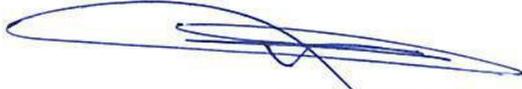
Condensed consolidated interim statement of financial position

as at

		(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
	<i>Note</i>		
Assets			
Property and equipment		71,775	71,950
Financial assets at amortised cost	6	856,299	800,872
Financial assets at fair value through other comprehensive income	6	1,221,819	1,203,104
Financial assets at fair value through profit or loss	6	302,015	325,493
Investment properties		692,577	703,027
Statutory deposits	7	10,000	10,000
Insurance balances receivable	4	897,533	962,770
Reinsurers' share of unearned premiums reserve	5	1,158,066	926,667
Reinsurers' share of outstanding claims reserve	5	1,648,969	1,634,783
Reinsurers' share of claims incurred but not reported reserve	5	305,096	259,317
Prepayments and other receivables	4	128,283	112,660
Deposits	7	274,572	128,292
Bank balances and cash	7	589,288	782,073
Total assets		8,156,292	7,921,008
Equity and liabilities			
Equity			
Share capital		570,000	570,000
Share premium		110,925	110,925
Legal reserve		215,925	215,925
General reserve		1,000,000	1,000,000
Fair value reserve		116,716	94,126
Retained earnings		361,814	305,361
Total equity		2,375,380	2,296,337
Liabilities			
Employees' end of service benefits		27,018	30,916
Other payables		254,079	213,388
Accounts payables		1,028,643	1,128,766
		1,309,740	1,373,070
Technical reserves			
Unearned premiums reserve	5	1,645,041	1,385,236
Outstanding claims reserve	5	2,343,051	2,393,205
Claims incurred but not reported reserve	5	447,374	437,454
Allocated and unallocated loss adjustment expenses reserve	5	35,706	35,706
Total technical reserves		4,471,172	4,251,601
Total liabilities		5,780,912	5,624,671
Total equity and liabilities		8,156,292	7,921,008

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


Chairman of the Board of Directors


Chief Executive Officer

The notes set out on pages 8 to 21 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 (*Unaudited*)

		For the three-month period ended 30 September 2020 AED'000	For the three-month period ended 30 September 2019 AED'000	For the nine-month period ended 30 September 2020 AED'000	For the nine-month period ended 30 September 2019 AED'000
	<i>Note</i>				
Underwriting income					
Gross premiums written	13	603,930	634,384	3,166,270	2,982,306
Reinsurance share of gross premiums written	13	(447,673)	(481,824)	(2,132,223)	(2,065,103)
Net premiums written		156,257	152,560	1,034,047	917,203
Net transfer to unearned premiums reserve	13	169,248	183,603	(28,406)	61,844
Net premiums earned	13	325,505	336,163	1,005,641	979,047
Commission income earned	13	44,150	56,102	138,079	174,669
Commission expenses incurred	13	(37,003)	(38,745)	(104,589)	(115,325)
Gross underwriting income		332,652	353,520	1,039,131	1,038,391
Gross claims paid	13	(393,652)	(410,203)	(1,415,738)	(1,452,524)
Reinsurance share of claims paid	13	189,238	196,015	709,228	646,689
Net claims paid	13	(204,414)	(214,188)	(706,510)	(805,835)
Change in outstanding claims reserve		(55,781)	(117,350)	50,154	53,856
Change in reinsurance share of outstanding claims reserve		43,895	68,000	14,186	(6,773)
Net change in claims incurred but not reported reserve		13,661	30,085	35,859	24,724
Net claims incurred		(202,639)	(233,453)	(606,311)	(734,028)
Underwriting income		130,013	120,067	432,820	304,363
Other income related to underwriting activities	13	5,127	5,059	11,973	13,513
Other expenses related to underwriting activities	13	(16,728)	(16,463)	(50,085)	(43,775)
Net underwriting income	13	118,412	108,663	394,708	274,101
Income from investments, <i>net</i>	9	22,293	19,431	61,051	82,442
Income from investment properties (rental income), <i>net</i>	9	7,620	7,793	23,984	23,916
Total income		148,325	135,887	479,743	380,459
General and administrative expenses		(55,095)	(60,247)	(172,141)	(179,461)
Charge for expected credit losses of insurance balances receivable		(20)	173	(24,715)	(6,557)
Profit before tax		93,210	75,813	282,887	194,441
Tax expense		(35)	-	(35)	-
Profit for the period		93,175	75,813	282,852	194,441
Earnings per share:					
Basic and diluted earnings per share (AED)	10	0.16	0.13	0.50	0.34

The notes set out on pages 8 to 21 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 and other comprehensive income (*Unaudited*)

	For the three-month period ended 30 September 2020 AED'000	For the three-month period ended 30 September 2019 AED'000	For the nine-month period ended 30 September 2020 AED'000	For the nine-month period ended 30 September 2019 AED'000
Profit for the period	93,175	75,813	282,852	194,441
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>	5,577	219	(81,844)	10,277
Change in fair value of equity investments at fair value through other comprehensive income, <i>net</i>	71,475	(8,363)	10,277	(3,851)
<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	17,159	3,500	12,554	24,909
Debt investments measured at fair value through other comprehensive income – reclassified to profit or loss	114	(157)	(241)	730
Directors' remuneration	-	-	-	(5,800)
Other comprehensive income / (loss) for the period	94,325	(4,801)	(59,254)	26,265
Total comprehensive income for the period	187,500	71,012	223,598	220,706

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Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of changes in shareholders' equity
for the nine-month period ended 30 September (Unaudited)

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Mandatory convertible bond AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2019 (Audited)	375,000	-	187,500	850,000	85,914	305,925	297,400	2,101,739
<i>Total comprehensive income:</i>								
Profit for the period	-	-	-	-	-	-	194,441	194,441
Other comprehensive income for the period	-	-	-	-	21,788	-	4,477	26,265
Total comprehensive income for the period	-	-	-	-	21,788	-	198,918	220,706
<i>Transactions with owners of the Company:</i>								
Dividend paid (note 8)	-	-	-	-	-	-	(112,500)	(112,500)
Total transactions with owners of the Company	-	-	-	-	-	-	(112,500)	(112,500)
Conversion of mandatory convertible bonds	195,000	110,925	-	-	-	(305,925)	-	-
Transfer from retained earnings to general reserve	-	-	-	150,000	-	-	(150,000)	-
Balance at 30 September 2019 (Unaudited)	570,000	110,925	187,500	1,000,000	107,702	-	233,818	2,209,945
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	-	-	-	-	-	-	282,852	282,852
Other comprehensive income / (loss) for the period	-	-	-	-	22,590	-	(81,844)	(59,254)
Total comprehensive income for the period	-	-	-	-	22,590	-	201,008	223,598
<i>Transactions with owners of the Company:</i>								
Dividend paid (note 8)	-	-	-	-	-	-	(144,555)	(144,555)
Total transactions with owners of the Company	-	-	-	-	-	-	(144,555)	(144,555)
Balance at 30 September 2020 (Unaudited)	570,000	110,925	215,925	1,000,000	116,716	-	361,814	2,375,380

The notes set out on pages 8 to 21 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 nine-month period ended 30 September (Unaudited)

	Note	2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the period		282,852	194,441
<i>Adjustments for:</i>			
Depreciation		14,393	14,563
Amortisation		1,801	1,716
Net impairment loss on insurance balances receivable		24,715	6,558
Allowance for impairment loss on other financial assets		553	1,777
Fair value loss / (gain) on financial assets at fair value through profit or loss	9	14,614	(2,535)
Change in fair value of investment properties	9	7,998	7,500
Accretion on mandatory convertible bonds		-	1,290
Amortisation of transaction cost - mandatory convertible bonds		-	83
Loss on disposal of property and equipment		42	-
Provision for employees' end of service benefits		2,721	3,097
Net cash generated from operations		349,689	228,490
<i>Changes in:</i>			
Insurance balances receivable, prepayments and other receivables		24,509	29,897
Accounts and other payables		(56,851)	147,884
Unearned premiums reserve, <i>net</i>		28,406	(61,844)
Gross outstanding claims and IBNR reserves		(40,234)	102,374
Reinsurers' share of outstanding claims and IBNR reserves		(59,965)	(174,181)
Cash generated from operations		245,554	272,620
Employees' end of service benefits paid		(6,619)	(4,358)
Net cash generated from operating activities		238,935	268,262
Cash flows from investing activities			
Proceeds from sale of investments		540,853	561,397
Purchase of investments		(667,029)	(635,646)
Bank deposits (placed) / withdrawn, <i>net</i>		(146,485)	124,726
Additions to investment properties		-	(948)
Purchase of property and equipment		(14,387)	(6,829)
Net cash (used in) / generated from investing activities		(287,048)	42,700
Cash flows from financing activities			
Dividend paid		(144,555)	(112,500)
Directors' remuneration		-	(5,800)
Interest paid on mandatory convertible bonds		-	(29,250)
Net cash used in financing activities		(144,555)	(147,550)
Net (decrease) / increase in cash and cash equivalents		(192,668)	163,412
Cash and cash equivalents at 1 January		782,518	336,769
Cash and cash equivalents at 30 September	7	589,850	500,181

Material non-cash transactions include transfer from investment properties to property and equipment of AED 2,452 thousand and write off of right-of-use of assets relating to leased properties classified under property and equipment of AED 2,581 thousand.

The notes set out on pages 8 to 21 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 Insurance Authority of UAE under registration No. 001. The registered office of the Company is Khalifa Street, ADNIC Building, P. O. Box 839, Abu Dhabi, UAE.

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
	*Other activities		
ADNIC International LTD	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 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The results for the nine-month period ended 30 September 2020 are not necessarily indicative of the results for the year ending 31 December 2020.

(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 2019 except the following estimates and judgements which are applicable from 1 January 2020.

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 30 September 2020.

i) Assessment of expected credit loss

The Group uses 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 nine-month period ended 30 September 2020, 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 2019.

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

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.

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 2019 except for changes in estimates disclosed in note 2(e) above.

4 Insurance balances receivable, prepayments and other receivables

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Insurance balances receivable	1,062,415	1,102,937
<i>Less:</i> allowance for expected credit losses of insurance balances receivables	(164,882)	(140,167)
Insurance balances receivable	<u>897,533</u>	<u>962,770</u>
<i>Prepayments and other receivables:</i>		
Deferred acquisition costs	82,736	76,721
Rental income receivables, <i>net</i>	4,721	3,131
Prepayments	10,240	7,146
Other receivables, net of expected credit losses (i)	30,586	25,662
Prepayments and other receivables	<u>128,283</u>	<u>112,660</u>
Total insurance balances receivable, prepayments and other receivables	<u><u>1,025,816</u></u>	<u><u>1,075,430</u></u>

(i) Other receivables are stated net of expected credit losses amounting to AED 1,915 thousand (31 December 2019: AED 1,525 thousand).

5 Insurance contract liabilities and reinsurance contract assets

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Insurance contract liabilities		
Unearned premiums reserve (i)	1,645,041	1,385,236
Outstanding claims reserve (ii)	2,378,757	2,428,911
Claims incurred but not reported reserve	447,374	437,454
	<u>4,471,172</u>	<u>4,251,601</u>
Reinsurance contract assets		
Unearned premiums reserve	1,158,066	926,667
Outstanding claims reserve	1,648,969	1,634,783
Claims incurred but not reported reserve	305,096	259,317
	<u>3,112,131</u>	<u>2,820,767</u>

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

5 Insurance contract liabilities and reinsurance contract assets (continued)

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Insurance contract liabilities, net		
Unearned premiums reserve (i)	486,975	458,569
Outstanding claims reserve (ii)	729,788	794,128
Claims incurred but not reported reserve	142,278	178,137
	<u>1,359,041</u>	<u>1,430,834</u>

(i) Unearned premiums reserve includes:

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Premiums deficiency reserve, gross	64,318	110,097
Premiums deficiency reserve, net	10,466	29,831
Unexpired risk reserve, gross	56,489	40,860
Unexpired risk reserve, net	14,719	13,080

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

6 Investments

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Financial assets at amortised cost	856,299	800,872
Financial assets at fair value through other comprehensive income	1,221,819	1,203,104
Financial assets at fair value through profit or loss	302,015	325,493
	<u>2,380,133</u>	<u>2,329,469</u>
Geographical concentration of investments is as follows:		
Within UAE	1,430,073	1,382,786
Outside UAE	950,060	946,683
	<u>2,380,133</u>	<u>2,329,469</u>

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

7 Cash and cash equivalents

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Cash on hand	75	90
Statutory deposits (i), (ii)	10,000	10,000
Cash / call / current accounts with banks, including deposits (i)	864,617	910,785
Less: allowance for expected credit losses	(832)	(510)
	<hr/>	<hr/>
Total bank balances and cash	873,860	920,365
Less: statutory deposits	(10,000)	(10,000)
Less: deposits with original maturities of three months or more	(274,572)	(128,292)
	<hr/>	<hr/>
Bank balances and cash	589,288	782,073
Add: allowance for expected credit losses	562	445
	<hr/>	<hr/>
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows	<u>589,850</u>	<u>782,518</u>

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

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Within UAE	845,848	901,153
Outside UAE	28,012	19,212
	<hr/>	<hr/>
	<u>873,860</u>	<u>920,365</u>

- (i) Interest rates on bank deposits range between 1.25% to 2.50% (31 December 2019: 2.00% to 3.50%).
- (ii) 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 bank deposits of AED 10 million (31 December 2019: AED 10 million) which cannot be utilised without the consent of the Chairman of the UAE Insurance Authority's Board of Directors.

8 Retained earnings

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

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

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

8 Retained earnings (continued)

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

9 Net investments and other income

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
Dividend income	10,609	14,711	60,158	58,812
Net interest income on bank deposits and bonds	9,207	12,211	29,328	36,914
Decrease in fair value of investment properties	(2,666)	(2,500)	(7,998)	(7,500)
Net change in fair value of financial assets at fair value through profit or loss	7,259	(3,204)	(14,614)	2,535
Other expenses, <i>net</i>	(2,116)	(1,787)	(5,823)	(8,319)
Income from investments, <i>net</i>	<u>22,293</u>	<u>19,431</u>	<u>61,051</u>	<u>82,442</u>
Income from investment properties (rental income), <i>net</i>	<u>7,620</u>	<u>7,793</u>	<u>23,984</u>	<u>23,916</u>
Net investments and other income	<u><u>29,913</u></u>	<u><u>27,224</u></u>	<u><u>85,035</u></u>	<u><u>106,358</u></u>

10 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>		<i>(Unaudited)</i>	
	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
Profit for the period (AED'000)	93,175	75,813	282,852	194,441
Accretion recognised during the period on mandatory convertible bonds (AED'000)	-	-	-	1,290
Profit for the period used for calculating share (AED'000)	<u>93,175</u>	<u>75,813</u>	<u>282,852</u>	<u>195,731</u>
Ordinary shares outstanding during the period (shares in '000)	<u>570,000</u>	<u>570,000</u>	<u>570,000</u>	<u>570,000</u>
Basic and diluted earnings per share (AED)	<u><u>0.16</u></u>	<u><u>0.13</u></u>	<u><u>0.50</u></u>	<u><u>0.34</u></u>

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

11 Related parties (continued)

Contingent liabilities issued in favor of related parties as at 30 September 2020 amounted to AED 95,450 thousand (31 December 2019: AED 96,237 thousand).

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

	Nine-month period ended 30 September 2020			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Premiums written	110	71	919,787	919,968
Claims incurred	24	44	303,357	303,425
Dividend income	-	-	9,274	9,274
Interest income	-	-	7,828	7,828
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	125	125
	Three-month period ended 30 September 2020			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Premiums written	57	7	146,034	146,098
Claims incurred	1	(2)	53,074	53,073
Dividend income	-	-	495	495
Interest income	-	-	2,587	2,587
Other investment income	-	-	41	41

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

11 Related parties (continued)

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

	Nine-month period ended 30 September 2019			
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Premiums written	161	106	820,264	820,531
Claims incurred	7	26	284,287	284,320
Dividend income	-	-	8,508	8,508
Interest income	-	-	16,183	16,183
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	123	123

	Three-month period ended 30 September 2019			
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Premiums written	33	23	112,466	112,522
Claims incurred	-	18	273,090	273,108
Dividend income	-	-	2,444	2,444
Interest income	-	-	5,686	5,686
Other investment income	-	-	31	31

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

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
Salaries and short-term benefits	3,083	5,615	11,799	14,430
Staff end of service benefits	422	214	653	440
	3,505	5,829	12,452	14,870

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

12 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.

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
30 September 2020 (Unaudited)				
Financial assets at fair value through profit or loss	36,088	-	265,927	302,015
Financial assets at fair value through other comprehensive income	1,045,941	-	175,878	1,221,819
	<u>1,082,029</u>	<u>-</u>	<u>441,805</u>	<u>1,523,834</u>

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

12 Fair value of financial instruments (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2019 (Audited)				
Financial assets at fair value through profit or loss	1,871	-	323,622	325,493
Financial assets at fair value through other comprehensive income	1,027,605	-	175,499	1,203,104
	<u>1,029,476</u>	<u>-</u>	<u>499,121</u>	<u>1,528,597</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 2019.

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
30 September 2020 (Unaudited)		
Financial assets at amortised cost	<u>856,299</u>	<u>892,436</u>
31 December 2019 (Audited)		
Financial assets at amortised cost	<u>800,872</u>	<u>822,750</u>

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:

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Balance as at 1 January	499,121	501,799
Change in fair value	(1,704)	(26,341)
Additions	111,015	105,855
Transfers	(96,780)	(18,275)
Disposals	(69,847)	(63,917)
Balance as at period / year end	<u>441,805</u>	<u>499,121</u>

During the nine-month period ended 30 September 2020, there were transfers from Level 3 to Level 1 of AED 96,780 thousand (31 December 2019: from Level 3 to Level 1 of AED 18,275 thousand).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

13 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.

	Nine-month period ended 30 September (<i>Unaudited</i>)					
	Commercial		Consumer		Total	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Gross premiums written	1,907,080	1,689,843	1,259,190	1,292,463	3,166,270	2,982,306
Reinsurance share of gross premiums written	(1,640,302)	(1,441,997)	(491,921)	(623,106)	(2,132,223)	(2,065,103)
Net premiums written	266,778	247,846	767,269	669,357	1,034,047	917,203
Net transfer to unearned premiums reserve	26,255	16,763	(54,661)	45,081	(28,406)	61,844
Net premiums earned	293,033	264,609	712,608	714,438	1,005,641	979,047
Commission income earned	83,593	110,667	54,486	64,002	138,079	174,669
Commission expenses incurred	(71,727)	(78,298)	(32,862)	(37,027)	(104,589)	(115,325)
Gross underwriting income	304,899	296,978	734,232	741,413	1,039,131	1,038,391
Gross claims paid	(589,515)	(488,197)	(826,223)	(964,327)	(1,415,738)	(1,452,524)
Reinsurance share of gross claims paid	409,035	335,773	300,193	310,916	709,228	646,689
Net claims paid	(180,480)	(152,424)	(526,030)	(653,411)	(706,510)	(805,835)
Net change in outstanding claims and incurred but not reported claims reserves	76,646	22,264	23,553	49,543	100,199	71,807
Net claims incurred	(103,834)	(130,160)	(502,477)	(603,868)	(606,311)	(734,028)
Underwriting income	201,065	166,818	231,755	137,545	432,820	304,363
Other income related to underwriting activities	9,475	9,461	2,498	4,052	11,973	13,513
Other expenses related to underwriting activities	(16,748)	(13,575)	(33,337)	(30,200)	(50,085)	(43,775)
Net underwriting income	193,792	162,704	200,916	111,397	394,708	274,101
Net investment and other income					85,035	106,358
General and administrative expenses					(172,141)	(179,461)
Charge for expected credit losses of insurance balances receivable					(24,715)	(6,557)
Profit before tax					282,887	194,441
Tax expense					(35)	-
Profit for the period					282,852	194,441

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

13 Segment information (continued)

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

	Three-month period ended 30 September (Unaudited)					
	Commercial		Consumer		Total	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Gross premiums written	389,134	393,987	214,796	240,397	603,930	634,384
Reinsurance share of gross premiums written	(356,556)	(355,103)	(91,117)	(126,721)	(447,673)	(481,824)
Net premiums written	32,578	38,884	123,679	113,676	156,257	152,560
Net transfer to unearned premiums reserve	56,143	53,623	113,105	129,980	169,248	183,603
Net premiums earned	88,722	92,507	236,783	243,656	325,505	336,163
Commission income earned	27,924	33,645	16,226	22,457	44,150	56,102
Commission expenses incurred	(23,519)	(25,442)	(13,484)	(13,303)	(37,003)	(38,745)
Gross underwriting income	93,127	100,710	239,525	252,810	332,652	353,520
Gross claims paid	(145,870)	(99,361)	(247,782)	(310,842)	(393,652)	(410,203)
Reinsurance share of claims paid	99,965	67,817	89,273	128,198	189,238	196,015
Net claims paid	(45,905)	(31,544)	(158,509)	(182,644)	(204,414)	(214,188)
Net change in outstanding claims and incurred but not reported claims reserves	(1,762)	(24,622)	3,537	5,357	1,775	(19,265)
Net claims incurred	(47,667)	(56,166)	(154,972)	(177,287)	(202,639)	(233,453)
Underwriting income	45,460	44,544	84,553	75,523	130,013	120,067
Other income related to underwriting activities	4,238	3,894	889	1,165	5,127	5,059
Other expenses related to underwriting activities	(5,817)	(5,148)	(10,911)	(11,315)	(16,728)	(16,463)
Net underwriting income	43,881	43,290	74,531	65,373	118,412	108,663
Net investment and other income					29,913	27,224
General and administrative expenses					(55,095)	(60,247)
Charge for expected credit losses of insurance balances receivable					(20)	173
Profit before tax					93,210	75,813
Tax expense					(35)	-
Profit for the period					93,175	75,813

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

14 Financial risk management

Except as disclosed in note 2, 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 2019.

15 Contingent liabilities and commitments

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Commitments in respect of uncalled subscription of equities held as investments	30,957	64,600
Bank guarantees	208,591	218,602
Letters of credit	384	384

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

Legal claims

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

16 General

The condensed consolidated interim financial information of the Group was approved for issuance on behalf of the Board of Directors on 4 November 2020.