

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

Condensed consolidated interim financial information

30 September 2022

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 Mrs. Futoon Hamdan Mohamed Al-Mazrouei
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 PJSC and its subsidiary

Condensed consolidated interim financial information

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Abu Dhabi National Insurance Company P.J.S.C.
Board of Directors' Statement
For the nine-month period ended 30 September 2022

The Board of Directors is pleased to report Abu Dhabi National Insurance Company's financial results for the nine months ended 30 September 2022. ADNIC continued to deliver steady performance as the UAE returns to pre-covid conditions.

ADNIC has delivered solid top-line growth with gross written premiums growing by 32.4 % to AED 4.29 billion with strong net profit reaching AED 267.6 million for the nine months ending 30 September 2022. The growth was driven by robust growth in the commercial division of 50.7 %, and stable growth in consumer lines of 10.0% despite pricing pressure and strong competition.

Loss ratios continued to be stable despite economic activity and consumer behaviour returning to pre-covid levels. The commercial division continues to demonstrate solid underwriting results and the performance of consumer lines remains stable.

Investment income was impacted by high mark-to-market volatility across several asset classes with most major asset classed down around 20% for the year to date. Consequently, Investment Income was lower by 25.5%. Our expense management continues to be robust and growth in expenses (excluding doubtful debts) of 12.2% is lower than premium growth. We continue to make investments in new technologies and capabilities in the digital space.

Sustainability will remain a key pillar of ADNIC's strategy moving forward, and we will continue to ensure sustainable operation and practices across our business, community and the environment in which we operate.

On behalf of the Board of Directors, I would like to thank all our partners and stakeholders for their continuous support that helps ADNIC be one of the UAE's most trusted insurers. We are grateful for the guidance received by the UAE's leadership and extend our sincere gratitude to His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE and His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister, and Ruler of Dubai.

I want to thank our employees for their hard work, dedication and their ability to provide exceptional services. To our customers and shareholders, thank you for your continued trust in us.



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 30 September 2022

I hereby present ADNIC's financial results for the nine-month period ended 30 September 2022.

Our net profit reached AED 267.6 million for the nine-month period ended 30 September 2022. As we near the end of the year, our financial performance reflects ADNIC's ability to successfully navigate the changing market conditions which has enabled growth in both commercial and consumer lines.

Our hard work is reflected by various recognitions and ratings assigned to the company in the past period. In August, AM Best affirmed the Financial Strength Rating of "A" (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) of ADNIC with a stable outlook. ADNIC is also rated "A" with stable outlook by Standard & Poors.

We remain committed to engaging strongly with all stakeholders with our various initiatives in areas including Emiratization, health & wellbeing, climate change and giving back to the local community. The ADNIC team is developing strategies to help aid the transition of Abu Dhabi and the UAE to net-zero by 2050.

Key Financial Highlights

Gross Written Premiums

For the nine-month period ended 30 September 2022, ADNIC's gross written premiums increased by 32.4% to AED 4.29 billion, compared to AED 3.24 billion for the same period in 2021.

Premium Retention

The overall premium retention ratio is 29.2% for the nine-month period ended 30 September 2022, compared to 33.5% for the same period in 2021.

Net Underwriting Income

For the nine-month period ended 30 September 2022, ADNIC's net underwriting income stood at AED 370.2 million, against AED 388.8 million for the same period in 2021.

General and Administrative Expenses

General and administrative expenses for the nine-month period ended 30 September 2022 stood at AED 196.4 million, compared to AED 181.0 million for the same period in 2021.

Net Technical Profit

Net technical profit for the nine-month period ended 30 September 2022 was AED 173.8 million, against AED 207.8 million for the same period in 2021.

Net Investment Income

ADNIC's net investment and other income was AED 93.8 million for the nine-month period ended 30 September 2022, compared to AED 125.8 million for the same period in 2021.

Net Profit

For the nine-month period ended 30 September 2022, net profit was AED 267.6 million, compared to AED 333.7 million for the same period in 2021.

I would like to thank our clients, partners and shareholders for the continuous trust and confidence they have placed in us and our Board of Directors for their guidance and support.

To our management team and employees - thank you. Your hard work and dedication are the driving force behind our achievements and success that has enabled us to emerge even stronger in a challenging year.



Ahmad Idris
Chief Executive Officer



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

To the Board of Directors of Abu Dhabi National Insurance Company PJSC

Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial information of Abu Dhabi National Insurance Company PJSC (the "Company") and its subsidiary (the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2022;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of changes in shareholders' equity for the nine-month period ended 30 September 2022;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2022; 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 2022 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No: 1015
Abu Dhabi, United Arab Emirates

Date: **07 NOV 2022**

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of financial position

as at

		(Unaudited) 30 September 2022 AED'000	(Audited) 31 December 2021 AED'000
	Notes		
Assets			
Property and equipment		75,769	83,368
Financial assets at amortised cost	7	933,388	759,325
Financial assets at fair value through other comprehensive income	7	1,706,601	1,865,607
Financial assets at fair value through profit or loss	7	378,665	378,031
Investment properties		664,355	663,711
Statutory deposits	8	10,000	10,000
Insurance balances receivable	5	1,687,809	945,724
Reinsurers' share of unearned premiums reserve	6	1,531,186	772,391
Reinsurers' share of outstanding claims reserve	6	2,009,454	1,670,971
Reinsurers' share of mathematical reserve	6	12,871	2,854
Reinsurers' share of claims incurred but not reported reserve	6	291,330	253,816
Prepayments and other receivables	5	152,027	178,488
Deposits	8	183,242	243,440
Cash and cash equivalents	8	593,958	778,549
Total assets		10,230,655	8,606,275
Equity and liabilities			
Equity			
Share capital		570,000	570,000
Share premium		110,925	110,925
Legal reserve		285,000	285,000
General reserve		1,000,000	1,000,000
Fair value reserve		(171,015)	195,219
Reinsurance default risk reserve		41,762	26,563
Retained earnings		748,888	643,746
Total equity		2,585,560	2,831,453
Liabilities			
Employees' end of service benefits		23,828	24,106
Bank overdraft	8	30,224	56,393
Other payables		273,268	228,899
Accounts payables		1,813,581	1,250,063
		2,140,901	1,559,461
Technical reserves			
Unearned premiums reserve	6	2,008,758	1,231,830
Outstanding claims reserve	6	2,618,279	2,328,252
Mathematical reserve	6	398,957	232,924
Claims incurred but not reported reserve	6	445,584	389,739
Allocated and unallocated loss adjustment expenses reserve	6	32,616	32,616
Total technical reserves		5,504,194	4,215,361
Total liabilities		7,645,095	5,774,822
Total equity and liabilities		10,230,655	8,606,275

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 23 form an integral part of this condensed consolidated interim financial information.

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

Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of profit or loss

for the period ended 30 September (Unaudited)

		Three-month period ended 2022 AED'000	Three-month period ended 2021 AED'000	Nine-month period ended 2022 AED'000	Nine-month period ended 2021 AED'000
	Notes				
Underwriting income					
Gross written premiums	14	1,064,769	571,096	4,293,303	3,242,014
Reinsurers' share of gross written premiums	14	(842,086)	(401,156)	(3,039,969)	(2,156,292)
Net written premiums		222,683	169,940	1,253,334	1,085,722
Net transfer to unearned premiums reserve	14	143,631	185,738	(18,133)	16,019
Net transfer to mathematical reserve	14	15,038	(7,748)	(156,016)	(47,672)
Net premiums earned	14	381,352	347,930	1,079,185	1,054,069
Commission income earned	14	51,803	52,048	165,719	155,165
Commission expenses incurred	14	(47,357)	(41,159)	(147,052)	(115,811)
Gross underwriting income		385,798	358,819	1,097,852	1,093,423
Gross claims paid	14	(669,927)	(404,454)	(1,545,926)	(1,291,040)
Reinsurers' share of claims paid	14	437,226	181,321	831,371	569,135
Net claims paid	14	(232,701)	(223,133)	(714,555)	(721,905)
Change in outstanding claims reserve		(159,232)	(47,290)	(290,027)	35,917
Change in reinsurers' share of outstanding claims reserve		160,143	31,146	338,483	2,579
Net change in claims incurred but not reported reserve		(23,120)	1,723	(18,331)	18,397
Net claims incurred		(254,910)	(237,554)	(684,430)	(665,012)
Underwriting income		130,888	121,265	413,422	428,411
Other income related to underwriting activities	14	5,953	5,446	20,348	16,239
Other expenses related to underwriting activities	14	(20,583)	(18,186)	(63,583)	(55,819)
Net underwriting income	14	116,258	108,525	370,187	388,831
Income from investments, <i>net</i>	10	29,200	35,069	84,488	116,080
Income from investment properties (rental income), <i>net</i>	10	2,597	3,525	9,331	9,765
Total income		148,055	147,119	464,006	514,676
General and administrative expenses		(67,453)	(58,012)	(191,339)	(170,575)
Reversal of / (charge for) expected credit losses of insurance balances receivable		43	(4,111)	(5,074)	(10,444)
Profit for the period		80,645	84,996	267,593	333,657
Earnings per share:					
Earnings per share (AED)	11	0.14	0.15	0.47	0.59

The notes set out on pages 8 to 23 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

for the period ended 30 September (Unaudited)

	Three-month period ended 2022 AED'000	Three-month period ended 2021 AED'000	Nine-month period ended 2022 AED'000	Nine-month period ended 2021 AED'000
Profit for the period	80,645	84,996	267,593	333,657
Other comprehensive income				
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Gain on sale of equity investments at fair value through other comprehensive income, <i>net</i>	6,178	27,513	80,748	76,329
Change in fair value of equity investments at fair value through other comprehensive income, <i>net</i>	(73,647)	(2,014)	(308,637)	35,324
<i>Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Change in fair value of debt investments at fair value through other comprehensive income, <i>net</i>	(11,576)	(11,206)	(57,489)	(36,685)
Debt investments measured at fair value through other comprehensive income – reclassified to profit or loss	(4)	6	(108)	(207)
Other comprehensive (loss) / income for the period	(79,049)	14,299	(285,486)	74,761
Total comprehensive income / (loss) for the period	1,596	99,295	(17,893)	408,418

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Abu Dhabi National Insurance Company PJSC and its subsidiary

Condensed consolidated interim statement of changes in shareholders' equity
for the 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	Reinsurance default risk reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2021 (Audited)	570,000	110,925	253,025	1,000,000	155,252	13,319	404,548	2,507,069
<i>Total comprehensive income:</i>								
Profit for the period	-	-	-	-	-	-	333,657	333,657
Other comprehensive income for the period	-	-	-	-	(1,568)	-	76,329	74,761
Total comprehensive income for the period	-	-	-	-	(1,568)	-	409,986	408,418
<i>Transactions with owners of the Company:</i>								
Dividend paid (note 9)	-	-	-	-	-	-	(199,500)	(199,500)
Total transactions with owners of the Company	-	-	-	-	-	-	(199,500)	(199,500)
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	10,781	(10,781)	-
Balance at 30 September 2021 (Unaudited)	570,000	110,925	253,025	1,000,000	153,684	24,100	604,253	2,715,987
Balance at 1 January 2022 (Audited)	570,000	110,925	285,000	1,000,000	195,219	26,563	643,746	2,831,453
<i>Total comprehensive income:</i>								
Profit for the period	-	-	-	-	-	-	267,593	267,593
Other comprehensive (loss) / income for the period	-	-	-	-	(366,234)	-	80,748	(285,486)
Total comprehensive (loss) / income for the period	-	-	-	-	(366,234)	-	348,341	(17,893)
<i>Transaction with owners of the Company:</i>								
Dividend paid (note 9)	-	-	-	-	-	-	(228,000)	(228,000)
Total transactions with owners of the Company	-	-	-	-	-	-	(228,000)	(228,000)
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	15,199	(15,199)	-
Balance at 30 September 2022 (Unaudited)	570,000	110,925	285,000	1,000,000	(171,015)	41,762	748,888	2,585,560

The notes set out on pages 8 to 23 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)

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the period		267,593	333,657
<i>Adjustments for:</i>			
Depreciation		14,604	12,746
Amortisation on financial assets at amortised cost		34	1,460
Net impairment loss on insurance balances receivable		5,074	10,444
Reversal of allowance for impairment loss on other financial assets		(1,096)	(186)
Fair value loss / (gain) on financial assets at fair value through profit or loss	10	26,406	(17,775)
Gain on sale of financial assets at fair value through profit or loss		(3,872)	(704)
Change in fair value of investment properties	10	-	7,673
Write off of property and equipment		-	5
Finance cost		568	521
Interest income	10	(24,956)	(23,536)
Dividend income	10	(87,841)	(89,359)
Provision for employees' end of service benefits		2,779	2,904
		<hr/>	<hr/>
Net cash generated from operations		199,293	237,850
<i>Changes in:</i>			
Insurance balances receivable, prepayments and other receivables		(718,781)	(11,339)
Accounts and other payables		607,887	(41,560)
Unearned premiums reserve, <i>net</i>		18,133	(16,019)
Mathematical reserve, <i>net</i>		156,016	47,672
Gross outstanding claims and IBNR reserves		345,872	(157,810)
Reinsurers' share of outstanding claims and IBNR reserves		(375,997)	100,917
		<hr/>	<hr/>
Cash generated from operations		232,423	159,711
Employees' end of service benefits paid		(3,057)	(3,315)
Interest paid		(568)	(521)
		<hr/>	<hr/>
Net cash generated from operating activities		228,798	155,875
Cash flows from investing activities			
Proceeds from sale of investments		633,339	790,365
Purchase of investments		(956,901)	(1,022,402)
Bank deposits withdrawn, <i>net</i>		60,204	121,892
Additions to property and equipment		(7,005)	(11,512)
Additions to investment properties		(644)	-
Interest received		23,726	26,372
Dividend income	10	87,841	89,359
		<hr/>	<hr/>
Net cash used in investing activities		(159,440)	(5,926)
Cash flows from financing activities			
Dividend paid		(228,000)	(199,500)
		<hr/>	<hr/>
Net cash used in financing activities		(228,000)	(199,500)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		722,481	595,827
		<hr/>	<hr/>
Cash and cash equivalents at 30 September	8	563,839	546,276
		<hr/> <hr/>	<hr/> <hr/>

The notes set out on pages 8 to 23 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 (as amended) concerning the Establishment of the Insurance Authority and Organisation of the Insurance Operations, the Federal Law No. (2) of 2015 (as amended) concerning the Commercial Companies, Central Bank of UAE Board of Directors’ Decision No. (25) of 2014 Pertinent to Financial Regulations for insurance companies and Central Bank of UAE Board of Directors’ Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations. The Company’s principal activity is the transaction of insurance and reinsurance business of all classes and is registered with the Insurance Companies Register of Central Bank of UAE under registration No. 001. The registered office of the Company is located at Khalifa Street, ADNIC Building, P. O. Box 839, Abu Dhabi, UAE.

2 Basis of preparation

(a) Basis of consolidation

The condensed consolidated interim financial information comprises the financial results of the Company and those of its following subsidiary (together the “Group”):

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 Limited 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 / period 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 consolidated 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 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results for the year ending 31 December 2022.

The Group is required, for the nine-month period ended 30 September 2022, to be in compliance with the provisions of the UAE Federal Law No. (2) of 2015 (as amended). On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015 (as amended). The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

2 Basis of preparation *(continued)*

(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.

(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 2021.

3 Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021.

4 New and amended standards and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing this condensed consolidated interim financial information.

Forthcoming requirements

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (“IFRS 17”), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (“IFRS 4”) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

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

Forthcoming requirements *(continued)*

IFRS 17 Insurance Contracts (continued)

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

Other new standards or amendments

Effective date

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

New currently effective requirements

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

New standards or amendments

Effective date

Amendment to IFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Insight Intended Use	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

5 Insurance balances receivable, prepayments and other receivables

	<i>(Unaudited)</i> 30 September 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Insurance balances receivable	1,835,194	1,088,035
<i>Less:</i> allowance for expected credit losses of insurance balances receivable	(147,385)	(153,708)
<i>Add:</i> write offs during the period / year	-	11,397
	<u>1,687,809</u>	<u>945,724</u>
<i>Prepayments and other receivables:</i>		
Deferred acquisition costs	112,997	93,764
Rental income receivables, <i>net</i>	2,284	9,922
Prepayments	10,222	6,103
Other receivables, <i>net of expected credit losses (i)</i>	26,524	68,699
	<u>152,027</u>	<u>178,488</u>
Prepayments and other receivables	152,027	178,488
Total insurance balances receivable, prepayments and other receivables	<u>1,839,836</u>	<u>1,124,212</u>

(i) Other receivables are stated net of expected credit losses amounting to AED 1,894 thousand (31 December 2021: AED 2,581 thousand).

6 Insurance contract liabilities and reinsurance contract assets

	<i>(Unaudited)</i> 30 September 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Insurance contract liabilities		
Unearned premiums reserve (i)	2,008,758	1,231,830
Outstanding claims reserve	2,618,279	2,328,252
Mathematical reserve	398,957	232,924
Claims incurred but not reported reserve	445,584	389,739
Allocated and unallocated loss adjustment expenses reserve	32,616	32,616
	<u>5,504,194</u>	<u>4,215,361</u>
Reinsurance contract assets		
Unearned premiums reserve	1,531,186	772,391
Outstanding claims reserve	2,009,454	1,670,971
Mathematical reserve	12,871	2,854
Claims incurred but not reported reserve	291,330	253,816
	<u>3,844,841</u>	<u>2,700,032</u>

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 (continued)

	<i>(Unaudited)</i> 30 September 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Insurance contract liabilities, net		
Unearned premiums reserve (i)	477,572	459,439
Outstanding claims reserve	608,825	657,281
Mathematical reserve	386,086	230,070
Claims incurred but not reported reserve	154,254	135,923
Allocated and unallocated loss adjustment expenses reserve	32,616	32,616
	<u>1,659,353</u>	<u>1,515,329</u>
(i) Unearned premiums reserve includes:		
Unearned premiums reserve, gross	1,971,391	1,191,095
Unearned premiums reserve, net	468,122	453,130
Premiums deficiency reserve, gross	-	-
Premiums deficiency reserve, net	-	44
Unexpired risk reserve, gross	37,367	40,735
Unexpired risk reserve, net	9,450	6,265

7 Investments

	<i>(Unaudited)</i> 30 September 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Financial assets at amortised cost (i)	933,388	759,325
Financial assets at fair value through other comprehensive income (ii)	1,706,601	1,865,607
Financial assets at fair value through profit or loss	378,665	378,031
	<u>3,018,654</u>	<u>3,002,963</u>
Geographical concentration of investments is as follows:		
Within UAE	1,692,169	1,630,484
Outside UAE	1,326,485	1,372,479
	<u>3,018,654</u>	<u>3,002,963</u>

- (i) Financial assets at amortised cost are stated net of expected credit losses amounting to AED 228 thousand (31 December 2021: AED 303 thousand).
- (ii) Financial assets at fair value through other comprehensive income are stated net of expected credit losses amounting to AED 83 thousand (31 December 2021: AED 190 thousand).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

8 Cash and cash equivalents

	<i>(Unaudited)</i> 30 September 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Cash on hand	64	80
Statutory deposits (i), (ii)	10,000	10,000
Cash / call / current accounts with banks, including deposits (i)	777,272	1,022,271
<i>Less:</i> allowance for expected credit losses	(136)	(362)
	<hr/>	<hr/>
Total bank balances, deposits and cash	787,200	1,031,989
<i>Less:</i> statutory deposits	(10,000)	(10,000)
<i>Less:</i> deposits with original maturities of three months or more	(183,242)	(243,440)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated interim statement of financial position	593,958	778,549
<i>Add:</i> allowance for expected credit losses	105	325
	<hr/>	<hr/>
	594,063	778,874
<i>Less:</i> bank overdrafts repayable on demand and used for cash management purposes (iii)	(30,224)	(56,393)
	<hr/>	<hr/>
Cash and cash equivalents for the purpose of the condensed consolidated interim statement of cash flows	<u>563,839</u>	<u>722,481</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 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Within UAE	727,462	984,533
Outside UAE	59,738	47,456
	<hr/>	<hr/>
	787,200	1,031,989
	<hr/>	<hr/>

- (i) Interest rates on bank deposits range between 0.95% to 4.40% (31 December 2021: 0.40% to 1.20%).
- (ii) In accordance with the requirements of Federal Law No. (6) of 2007 (as amended) concerning Establishment of Insurance Authority and Organization of its Operations, the Group maintains bank deposits of AED 10,000 thousand (31 December 2021: AED 10,000 thousand) which cannot be utilised without the consent of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE.
- (iii) The Group has availed an overdraft facility of AED 200,000 thousand which is unsecured. Interest is payable at 3 months' EIBOR plus 1.60% per annum and the tenure of the facility is 12 months. As at reporting date the Group has utilised the facility up to AED 30,224 thousand (31 December 2021: AED 56,393 thousand).

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

9 Retained earnings

At the Annual General Assembly held on 15 March 2022 (2021: held on 21 March 2021 relating to the results of the year ended 31 December 2020), the shareholders approved the distribution of cash dividend relating to the results for the year ended 31 December 2021 of AED 0.40 per share amounting to AED 228,000 thousand (2021: AED 0.35 per share amounting to AED 199,500 thousand).

10 Net investments and other income (Unaudited)

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
Income from investment properties (rental income), <i>net</i>	2,597	3,525	9,331	9,765
Dividend income	27,464	24,115	87,841	89,359
Net interest income on bank deposits and bonds	10,058	7,648	24,956	23,536
Decrease in fair value of investment properties	-	(2,558)	-	(7,673)
Net change in fair value of financial assets at fair value through profit or loss	(6,577)	8,793	(26,406)	17,775
Gain on disposal of financial assets at amortised cost	-	-	86	-
Gain on disposal of financial assets at fair value through profit or loss	59	567	3,872	704
Other expenses, <i>net</i>	(1,804)	(3,496)	(5,861)	(7,621)
Income from investments, <i>net</i>	29,200	35,069	84,488	116,080
Net investments and other income	31,797	38,594	93,819	125,845

11 Earnings per share (Unaudited)

Earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2022	2021	2021	2021
Profit for the period used for calculating earnings per share (AED'000)	80,645	84,996	267,593	333,657
Ordinary shares outstanding during the period (shares in '000)	570,000	570,000	570,000	570,000
Earnings per share (AED)	0.14	0.15	0.47	0.59

There is no dilution effect to the basic earnings per share.

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

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 Mamoura Diversified Global Holding P.J.S.C.

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

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

	30 September 2022 (Unaudited)			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Insurance balances receivable, prepayments and other receivables	68	155	112,869	113,092
Accounts and other payables	6	96	12,381	12,483
Employees' end of service benefits payable	3,262	-	-	3,262
Cash and bank balances	-	-	567,182	567,182
Bank overdraft	-	-	30,224	30,224
Investments	-	118,950	304,810	423,760
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	582	15	1,215,060	1,215,657

	31 December 2021 (Audited)			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Insurance balances receivable, prepayments and other receivables	289	-	141,901	142,190
Accounts and other payables	2	96	56,474	56,572
Employees' end of service benefits payable	2,798	-	-	2,798
Cash and bank balances	-	-	351,135	351,135
Bank overdraft	-	-	56,393	56,393
Investments	-	119,202	353,047	472,249
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	100	11	1,125,860	1,125,971

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

12 Related parties (continued)

Contingent liabilities issued in favor of related parties as at 30 September 2022 amounted to AED 102.83 million (31 December 2021: AED 99.05 million).

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

	Nine-month period ended 30 September 2022			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Gross written premiums	7	30	932,105	932,142
Claims incurred	-	-	578,933	578,933
Dividend income	-	-	2,389	2,389
Interest income	-	2,790	3,501	6,291
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	126	126

	Three-month period ended 30 September 2022			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Gross written premiums	1	-	91,515	91,516
Claims incurred	-	-	287,479	287,479
Interest income	-	922	1,905	2,827
Other investment income	-	-	42	42

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

12 Related parties (continued)

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

	Nine-month period ended 30 September 2021			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Gross written premiums	4	19	951,747	951,770
Claims incurred	27	-	356,187	356,214
Dividend income	-	-	15,195	15,195
Interest income	-	-	7,774	7,774
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	126	126

	Three-month period ended 30 September 2021			
	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	Total AED'000
Gross written premiums	4	1	77,909	77,914
Claims incurred	27	-	101,827	101,854
Dividend income	-	-	3,655	3,655
Interest income	-	-	2,590	2,590
Other investment income	-	-	43	43

At the Annual General Assembly held on 15 March 2022, the shareholders approved Board of Directors' remuneration relating to the results for the year ended 31 December 2021 amounting to AED 5,800 thousand (31 December 2021: AED 5,800 thousand relating to the results for the year ended 31 December 2020).

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Salaries and short-term benefits	3,444	3,368	15,039	12,872
Employees' end of service benefits	119	114	464	524
	3,563	3,482	15,503	13,396

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

13 Fair value of financial instruments

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

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

Assets measured at fair value – fair value hierarchy

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 September 2022 (Unaudited)				
Financial assets at fair value through profit or loss	120,715	-	257,950	378,665
Financial assets at fair value through other comprehensive income	1,532,702	16,085	157,814	1,706,601
	<u>1,653,417</u>	<u>16,085</u>	<u>415,764</u>	<u>2,085,266</u>
31 December 2021 (Audited)				
Financial assets at fair value through profit or loss	95,185	-	282,846	378,031
Financial assets at fair value through other comprehensive income	1,621,573	45,466	198,568	1,865,607
	<u>1,716,758</u>	<u>45,466</u>	<u>481,414</u>	<u>2,243,638</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)

Assets measured at fair value – fair value hierarchy (continued)

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 2021.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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 statement of financial position approximate their fair values.

	Carrying amount AED'000	Fair value AED'000
30 September 2022 (Unaudited)		
Financial assets at amortised cost	933,388	849,035
	<hr/>	<hr/>
31 December 2021 (Audited)		
Financial assets at amortised cost	759,325	780,011
	<hr/>	<hr/>

Movement in Level 3 for financial assets carried at fair value through profit or loss and financial assets at fair value through other comprehensive income is as follows:

	(Unaudited) 30 September 2022 AED'000	(Audited) 31 December 2021 AED'000
Balance as at 1 January	481,414	440,351
Change in fair value of financial assets	(72,641)	10,897
Additions	22,492	89,804
Disposals	(15,501)	(59,638)
	<hr/>	<hr/>
Balance as at period / year-end	415,764	481,414
	<hr/>	<hr/>

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, life, motor and medical.

	Nine-month period ended 30 September (<i>Unaudited</i>)					
	Commercial		Consumer		Total	
	2022	2021	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written premiums	2,687,622	1,782,894	1,605,681	1,459,120	4,293,303	3,242,014
Less: reinsurers' share of gross written premiums	(2,361,493)	(1,539,934)	(678,476)	(616,358)	(3,039,969)	(2,156,292)
Net written premiums	326,129	242,960	927,205	842,762	1,253,334	1,085,722
Net transfer to unearned premiums Reserve	(17,551)	23,721	(582)	(7,702)	(18,133)	16,019
Net transfer to mathematical reserve	-	-	(156,016)	(47,672)	(156,016)	(47,672)
Net premiums earned	308,578	266,681	770,607	787,388	1,079,185	1,054,069
Gross claims paid	(563,095)	(389,525)	(982,831)	(901,515)	(1,545,926)	(1,291,040)
Less: reinsurers' share of claims paid	449,057	258,217	382,314	310,918	831,371	569,135
Net claims paid	(114,038)	(131,308)	(600,517)	(590,597)	(714,555)	(721,905)
Net change in outstanding claims and incurred but not reported claims reserves	24,396	41,795	5,729	15,098	30,125	56,893
Net claims incurred	(89,642)	(89,513)	(594,788)	(575,499)	(684,430)	(665,012)
Commission income earned	120,627	1,08,394	45,092	46,771	165,719	155,165
Commission expenses incurred	(88,982)	(70,518)	(58,070)	(45,293)	(147,052)	(115,811)
Net commissions income	31,645	37,876	(12,978)	1,478	18,667	39,354
Other underwriting income	14,808	11,681	5,540	4,558	20,348	16,239
Other underwriting expenses	(23,054)	(20,582)	(40,529)	(35,237)	(63,583)	(55,819)
Net other underwriting income	(8,246)	(8,901)	(34,989)	(30,679)	(43,235)	(39,580)
Net underwriting income	242,335	206,143	127,852	182,688	370,187	388,831
Net investment and other income					93,819	125,845
General and administrative expenses					(191,339)	(170,575)
Charge for expected credit losses of insurance balances receivable					(5,074)	(10,444)
Profit for the period					267,593	333,657

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

14 Segment information (continued)

	Three-month period ended 30 September (Unaudited)					
	Commercial		Consumer		Total	
	2022	2021	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written premiums	801,638	339,742	263,131	231,354	1,064,769	571,096
Less: reinsurers' share of gross written premiums	(714,605)	(296,995)	(127,481)	(104,161)	(842,086)	(401,156)
Net written premiums	87,033	42,747	135,650	127,193	222,683	169,940
Net transfer to unearned premiums reserve	20,179	38,492	123,452	147,246	143,631	185,738
Net transfer to mathematical reserve	-	-	15,038	(7,748)	15,038	(7,748)
Net premiums earned	107,212	81,239	274,140	266,691	381,352	347,930
Gross claims paid	(327,382)	(104,935)	(342,545)	(299,519)	(669,927)	(404,454)
Less: reinsurers' share of claims paid	293,500	70,137	143,726	111,184	437,226	181,321
Net claims paid	(33,882)	(34,798)	(198,819)	(188,335)	(232,701)	(223,133)
Net change in outstanding claims and incurred but not reported claims reserves	(562)	(11,094)	(21,647)	(3,327)	(22,209)	(14,421)
Net claims incurred	(34,444)	(45,892)	(220,466)	(191,662)	(254,910)	(237,554)
Commission income earned	41,283	38,518	10,520	13,530	51,803	52,048
Commission expenses incurred	(33,134)	(25,564)	(14,223)	(15,595)	(47,357)	(41,159)
Net commissions income	8,149	12,954	(3,703)	(2,065)	4,446	10,889
Other underwriting income	4,864	3,595	1,089	1,851	5,953	5,446
Other underwriting expenses	(6,918)	(6,933)	(13,665)	(11,253)	(20,583)	(18,186)
Net other underwriting expense	(2,054)	(3,338)	(12,576)	(9,402)	(14,630)	(12,740)
Net underwriting income	78,863	44,963	37,395	63,562	116,258	108,525
Net investment and other income					31,797	38,594
General and administrative expenses					(67,453)	(58,012)
Release of / (charge for) expected credit losses of insurance balances receivable					43	(4,111)
Profit for the period					80,645	84,996

Details of segment assets and liabilities as at 30 September 2022 is presented below:

	Commercial AED'000	Consumer AED'000	Investments AED'000	Total AED'000
30 September 2022 (Unaudited)				
Segment assets	4,399,863	1,349,268	4,481,524	10,230,655
Segment liabilities	5,422,820	2,211,413	10,862	7,645,095
	Commercial AED'000	Consumer AED'000	Investments AED'000	Total AED'000
31 December 2021 (Audited)				
Segment assets	2,747,963	1,141,825	4,716,487	8,606,275
Segment liabilities	3,991,058	1,770,577	13,187	5,774,822

Abu Dhabi National Insurance Company PJSC and its subsidiary

Notes to the condensed consolidated interim financial information

15 Financial risk management

The Group's risk management policies with regards to financial instruments are the same as those disclosed in the last annual consolidated financial statements of the Group for the year ended 31 December 2021.

16 Contingent liabilities and commitments

	<i>(Unaudited)</i> 30 September 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Commitments in respect of uncalled subscription of equities held as investments	<u>86,555</u>	<u>54,152</u>
Bank guarantees	<u>239,943</u>	<u>232,985</u>
Letters of credit	<u>384</u>	<u>384</u>

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

Legal claims

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

17 Capital risk management

The solvency regulations identify the required solvency margins to be held in addition to insurance liabilities. The solvency margins (presented in the table below) must be maintained at all times throughout the year. The Group is subject to solvency regulations which it has complied with during the period. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held to meet these required Solvency Margins as defined in the regulations. In accordance with Circular No. CBUAE/BSN/N/2022/923 of CBUAE dated 28 February 2022, the Group has disclosed the solvency position for the immediately preceding period as the current period solvency position is not finalised.

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Notes to the condensed consolidated interim financial information

17 Capital risk management *(continued)*

	<i>(Unaudited)</i> 30 June 2022 AED'000	<i>(Audited)</i> 31 December 2021 AED'000
Total capital held by the Group	570,000	570,000
Minimum regulatory capital for an insurance company	100,000	100,000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	1,151,407	1,052,921
Minimum Guarantee Fund (MGF)	562,519	485,239
<i>Own funds</i>		
Basic own funds	2,104,301	2,342,071
Own funds eligible to meet MCR, SCR, MGF	2,104,301	2,342,071
MCR solvency margin - (surplus)	2,004,301	2,242,071
SCR solvency margin - (surplus)	952,894	1,289,150
MGF solvency margin - (surplus)	1,541,782	1,856,832

18 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 2022.

i) Assessment of expected credit loss

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

For the nine-month period ended 30 September 2022, 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 2021.

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

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. The Group has availed an overdraft facility from a commercial bank for its cash management purposes (*note 8*).

19 General

The condensed consolidated interim financial information of the Group was approved for issuance by the Board of Directors on 07 NOV 2022.