

Template for discussion report and analysis of the board of directors of the listed public shareholding company

Date	9 th February 2022		
Name of the Listed Company	Abu Dhabi National Insurance Company PJSC		
The period of the financial statements covered by the report	2021 Annual Financials		
Overview of the main results during the financial period	<p>Year-on-year gross written premiums up 6.4%, primarily driven by the consumer lines division which recorded a 25.2% increase due to new initiatives kicked off in 2021.</p> <p>Gross written premium in 2021 is AED 4.27 billion as a result of constant growth in the size of the operation (CAGR of 12.4% during last 5 years).</p> <p>Net profit up 8.3% in 2021.</p> <p>Healthy 25.6% growth in investment income with robust dividend income, AED 144.2 million for the year ended 31 December 2021 compared to AED 114.8 million for the same period in 2020.</p> <p>EPS raised from 0.65 to 0.7.</p>		
Securities issued during the financial period	None		
Summary of the most important non-financial events and developments during the financial period	<p>ADNIC has recently been assigned a financial strength rating of A (Excellent) and a long-term issuer credit rating of "A" (Excellent) with a stable outlook by ratings agency AM Best, in addition to our credit rating upgrade to 'A' with a stable outlook by S&P earlier in the year.</p> <p>General & Administrative expenses excluding provision for doubtful debts down 0.7% compared with the same period of 2020 due to ADNIC's ongoing efficiency and optimisation strategy.</p> <p>Invested in new technologies and capabilities to maintain operational excellence and support future growth.</p>		
Summary of operational performance during the financial period	<p>Net profit up 8.3% in 2021.</p> <p>Healthy 25.6% growth in investment income. Dividend income continues to be robust due to changes in asset allocation and recovery of dividend payments in listed equities.</p> <p>Gross written premiums up 6.4% year-on-year.</p> <p>Healthy growth in consumer lines of 25.2% driven by successful initiatives in 2021. EPS growth despite market challenges.</p>		
Summary of profit and loss during the financial period	(Amount in AED millions)		
	FY 2021	FY 2020	Var.
Net underwriting income	491.9	497.2	-1.1%
Investment Income	144.2	114.8	25.6%
General & Admin expenses	(230.0)	(231.7)	-0.7%
Provision for doubtful debts	(4.3)	(9.3)	-53.8%
Net profit	401.8	371.0	8.3%
Basic and diluted earnings per share (AED)	0.70	0.65	7.7%

<p>Summary of financial position as at the end of the financial period</p>	<p>Total Deposits & cash: AED 1.03 billion Total Technical reserves: AED 4.22 billion Total Shareholders' Equity: AED 2.83 billion</p>																																				
<p>Summary of cash flows during the financial period</p>	<p>Net cash generated from operating activities AED 550.7 million Net cash used in investing activities AED 224.5 million Net cash used in financing activities AED 199.5 million</p>																																				
<p>Main performance indicators</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2021</th> <th style="text-align: center;">FY 2020</th> <th style="text-align: center;">Variance</th> </tr> </thead> <tbody> <tr> <td>Premium retention ratio</td> <td style="text-align: center;">37.9%</td> <td style="text-align: center;">33.6%</td> <td style="text-align: center;">-4.3%</td> </tr> <tr> <td>Net loss ratio</td> <td style="text-align: center;">65.0%</td> <td style="text-align: center;">62.4%</td> <td style="text-align: center;">2.6%</td> </tr> <tr> <td>Combined ratio</td> <td style="text-align: center;">81.6%</td> <td style="text-align: center;">80.8%</td> <td style="text-align: center;">0.8%</td> </tr> <tr> <td>Expense ratio* (on net earned premium)</td> <td style="text-align: center;">16.4%</td> <td style="text-align: center;">17.4%</td> <td style="text-align: center;">-1.0%</td> </tr> <tr> <td>Expense ratio* (on gross written premium)</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">5.8%</td> <td style="text-align: center;">-0.4%</td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: center;">15.1%</td> <td style="text-align: center;">15.4%</td> <td style="text-align: center;">-0.3%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">31 Dec 2021</th> <th style="text-align: center;">31 Dec 2020</th> <th style="text-align: center;">Variance</th> </tr> </thead> <tbody> <tr> <td>Shareholder equity as a % of technical reserves</td> <td style="text-align: center;">67.2%</td> <td style="text-align: center;">57.5%</td> <td style="text-align: center;">9.7%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p>		FY 2021	FY 2020	Variance	Premium retention ratio	37.9%	33.6%	-4.3%	Net loss ratio	65.0%	62.4%	2.6%	Combined ratio	81.6%	80.8%	0.8%	Expense ratio* (on net earned premium)	16.4%	17.4%	-1.0%	Expense ratio* (on gross written premium)	5.4%	5.8%	-0.4%	Return on Equity	15.1%	15.4%	-0.3%		31 Dec 2021	31 Dec 2020	Variance	Shareholder equity as a % of technical reserves	67.2%	57.5%	9.7%
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<p>Expectations for the sector and the company's role in these expectations</p>	<p>ADNIC will continue to pursue new opportunities and partnerships to deliver exceptional services to current and potential customers and make a positive impact on communities across the country. Inward Reinsurance is a growth area for both Consumer and Commercial segments due to ADNIC's reinsurance capacity. ADNIC's capabilities in providing support to customers in risk management and loss prevention are key differentiators for the Commercial Lines business.</p>																																				
<p>Expectations regarding the economy and its impact on the company and the sector</p>	<p>The UAE economy is anticipated to grow by 4.2% in 2022 (Source: UAE Central Bank) driven by the post-pandemic recovery, rebounding oil price, increased public spending and better business sentiment. UAE's highly successful vaccination programme supports the country's resilience to the ongoing pandemic. Impact of the rising interest rate environment on lines of business include Life.</p>																																				
<p>Future plans for growth and changes in operations in future periods</p>	<p>ADNIC will continue to invest in technologies and digital capabilities to adapt to current and post-covid market conditions. ADNIC will continue to utilise its sustainability strategy to become an ever more responsible and reliable business, ensuring the long-term benefits for customers and employees. ADNIC's investments into digital transformation will be a key differentiator in motor going forward.</p>																																				

The size and impact of current and projected capital expenditures on the company	Net capital expenditure for the year ended 31 December 2021 was AED 27.0 million.
The developments of the implementation of projects, plans and transactions and deals that were discussed by the company's board of directors in the report for the previous fiscal year	The company's board of directors noted the progress in implementation of the company's strategy.

Ahmad Idris
 Chief Executive Officer
 Signature:



09 February 2022

Company's Seal:

