

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

<b>Date</b>	8 <sup>th</sup> August 2021			
<b>Name of the Listed Company</b>	Abu Dhabi National Insurance Company PJSC			
<b>The period of the financial statements covered by the report</b>	First Half 2021			
<b>Overview of the main results during the financial period</b>	<p>Year-on-year gross written premiums up 4.2%, primarily driven by the consumer lines division which recorded a 17.6% increase due to new initiatives kicked off in 2021.</p> <p>Net profit up 31.1% driven by outstanding performance in both underwriting and investment activities.</p> <p>Net Investment Income is AED 87.3 million for the half year ended 30 June 2021 compared to AED 55.1 million for the same period in 2020.</p> <p>EPS raised from 0.33 to 0.44.</p>			
<b>Securities issued during the financial period</b>	None			
<b>Summary of the most important non-financial events and developments during the financial period</b>	<p>Strength of financial indicators saw S&amp;P upgrade ADNIC's rating from 'A-' to 'A' with a stable outlook in April 2021.</p> <p>General &amp; Administrative expenses excluding provision for doubtful debts down 3.8% compared with the same period of 2020 due to ADNIC's ongoing efficiency and optimisation strategy.</p> <p>Investments in digital platforms continued to deliver a seamless client experience in response to ongoing COVID-19 challenges</p>			
<b>Summary of operational performance during the financial period</b>	<p>Net profit up 31.1% mainly due to investment income improvement driven by a sharp rebound across our investment portfolios and solid underwriting results.</p> <p>Gross written premiums up 4.2% year-on-year.</p> <p>Healthy growth in consumer lines of 17.6% due to new initiatives kicked off in 2021.</p> <p>Selective underwriting and pricing discipline underpinned strong growth in net underwriting income of 1.5%.</p> <p>EPS growth despite market challenges.</p>			
<b>Summary of profit and loss during the financial period</b>		<b>H1 2021</b>	<b>H1 2020</b>	<b>Var.</b>
	Net underwriting income	280.3	276.3	1.5%
	Investment Income	87.3	55.1	58.3%
	General & Admin expenses	(112.6)	(117.0)	-3.8%
	Provision for doubtful debts	(6.3)	(24.7)	-74.4%
	<b>Net profit</b>	<b>248.7</b>	<b>189.7</b>	<b>31.1%</b>
	<b>Basic and diluted earnings per share (AED)</b>	<b>0.44</b>	<b>0.33</b>	<b>33.3%</b>

<p><b>Summary of financial position as at the end of the financial period</b></p>	<p>Total Deposits &amp; cash: AED 550.2 million  Total Technical reserves: AED 4.75 billion  Total Shareholders' Equity: AED 2.62 billion</p>																																				
<p><b>Summary of cash flows during the financial period</b></p>	<p>Net cash used in operating activities AED 40.4 million  Net cash generated from investing activities AED 66.7 million  Net cash used in financing activities AED 199.5 million</p>																																				
<p><b>Main performance indicators</b></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;">H1 2021</th> <th style="width: 15%; text-align: center;">H1 2020</th> <th style="width: 10%; text-align: center;">Variance</th> </tr> </thead> <tbody> <tr> <td>Premium retention ratio</td> <td style="text-align: center;">34.3%</td> <td style="text-align: center;">34.3%</td> <td style="text-align: center;">0.0%</td> </tr> <tr> <td>Net loss ratio</td> <td style="text-align: center;">60.5%</td> <td style="text-align: center;">59.4%</td> <td style="text-align: center;">1.1%</td> </tr> <tr> <td>Combined ratio</td> <td style="text-align: center;">77.1%</td> <td style="text-align: center;">80.2%</td> <td style="text-align: center;">-3.1%</td> </tr> <tr> <td>Expense ratio* (on net earned premium)</td> <td style="text-align: center;">15.9%</td> <td style="text-align: center;">17.2%</td> <td style="text-align: center;">-1.3%</td> </tr> <tr> <td>Expense ratio* (on gross written premium)</td> <td style="text-align: center;">4.2%</td> <td style="text-align: center;">4.6%</td> <td style="text-align: center;">-0.4%</td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: center;">9.7%</td> <td style="text-align: center;">8.5%</td> <td style="text-align: center;">1.2%</td> </tr> <tr> <td></td> <td style="text-align: center;"><b>30 Jun 2021</b></td> <td style="text-align: center;"><b>31 Dec 2020</b></td> <td style="text-align: center;"><b>Variance</b></td> </tr> <tr> <td>Shareholder equity as a % of technical reserves</td> <td style="text-align: center;">55.1%</td> <td style="text-align: center;">57.5%</td> <td style="text-align: center;">-2.4%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p>		H1 2021	H1 2020	Variance	Premium retention ratio	34.3%	34.3%	0.0%	Net loss ratio	60.5%	59.4%	1.1%	Combined ratio	77.1%	80.2%	-3.1%	Expense ratio* (on net earned premium)	15.9%	17.2%	-1.3%	Expense ratio* (on gross written premium)	4.2%	4.6%	-0.4%	Return on Equity	9.7%	8.5%	1.2%		<b>30 Jun 2021</b>	<b>31 Dec 2020</b>	<b>Variance</b>	Shareholder equity as a % of technical reserves	55.1%	57.5%	-2.4%
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<p><b>Expectations for the sector and the company's role in these expectations</b></p>	<p>Following the general rebound in activity, increased demand for health and life insurance products is anticipated. ADNIC's large treaty capacity with highly rated insurers allows it to support customers</p>																																				
<p><b>Expectations regarding the economy and its impact on the company and the sector</b></p>	<p>Positive outlook for consumer lines due to an uptick in market activity and the continued customer preference for strong A rated insurer during unprecedented times. Premium rates for Commercial Lines continue to harden, with rate increases varying, based on inherent features of the risks, loss record and capacity required. ADNIC's brand and financial strength continue to be key differentiators, supporting client retention and market competitiveness especially under difficult economic conditions.</p>																																				
<p><b>Future plans for growth and changes in operations in future periods</b></p>	<p>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</p>																																				

<p><b>The size and impact of current and projected capital expenditures on the company</b></p>	<p>Net capital expenses for the half year ended 30 June 2021 was AED 6.0 million.</p>
<p><b>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</b></p>	<p>The company's board of directors noted the progress in implementation of the company's strategy.</p>

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

**Signature:**



**08 August 2021**

**Company's Seal:**

