

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

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|---|---|--------------|---------------|---------------|
| Date | 7 th November 2022 | | | |
| Name of the Listed Company | Abu Dhabi National Insurance Company PJSC | | | |
| The period of the financial statements covered by the report | Third Quarter 2022 | | | |
| Overview of the main results during the financial period | <p>Year-on-year gross written premiums up 32.4%, driven by outstanding growth in commercial lines at 50.7%, as well as growth in Consumer lines at 10.0% delivered through various business segment.</p> <p>Net profit down 19.8% for Q3 impacted by current market conditions.</p> <p>Net underwriting income remains strong at combined ratio 83.9% and reached AED 370.2 million despite the ongoing price competition and restoration of consumer behavioral patterns at pre-pandemic level.</p> <p>Strong Q3 in terms of UW income growth on the back of a well diversified and highly performing book. Investment Income was impacted by volatility across asset classes as well as timing differences in receipt of dividends.</p> | | | |
| Securities issued during the financial period | None | | | |
| Summary of the most important non-financial events and developments during the financial period | <p>New partnership with JAFZA to provide medical insurance and property insurance at exclusive rates</p> <p>Developed new sales and services capabilities particularly in digital distribution, which will positively impact multiple lines of business</p> <p>More synergies being created to improve cross-selling opportunities</p> <p>Partnership with XA on Addenda's Blockchain-based, end-to-end digital solution that enables insurers to reconcile motor recovery receivables between each other</p> <p>Finalists in 'General Insurance Company of the Year' category at Middle East Insurance Industry Awards 2022 to be announced in November</p> | | | |
| Summary of operational performance during the financial period | <p>Net profit has reached AED 267.6 million.</p> <p>Gross written premiums up 32.4% year-on-year.</p> <p>Outstanding growth in commercial lines at 50.7%, as well as growth in Consumer lines at 10.0% delivered through various business segment.</p> <p>Cost discipline maintained with G&A expenses growth due to investments in new technologies and capabilities.</p> <p>Enhancement of sales and services capabilities particularly in digital distribution.</p> <p>A blockchain based motor recovery platform being implemented along with other companies to automate motor recoveries.</p> | | | |
| Summary of profit and loss during the financial period | (Amount in AED millions) | | | |
| | | 9M 2022 | 9M 2021 | Var. |
| | Net underwriting income | 370.2 | 388.8 | -4.8% |
| | Investment Income | 93.8 | 125.8 | -25.4% |
| | General & Admin expenses | (191.3) | (170.5) | 12.2% |
| | Provision for doubtful debts | (5.1) | (10.4) | -51.0% |
| | Net profit | 267.6 | 333.7 | -19.8% |
| Basic and diluted earnings per share (AED) | 0.47 | 0.59 | -20.3% | |

| <p>Summary of financial position as at the end of the financial period</p> | <p>Total Deposits & cash: AED 787.2 million Total Technical reserves: AED 5.50 billion Total Shareholders' Equity: AED 2.59 billion</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|-------------|----------|---------|----------|-------------------------|-------|-------|-------|----------------|-------|-------|------|----------------|-------|-------|------|--|-------|-------|------|---|------|------|-------|------------------|------|-------|-------|--|-------------|-------------|----------|---|-------|-------|--------|
| <p>Summary of cash flows during the financial period</p> | <p>Net cash generated from operating activities AED 228.8 million Net cash used in investing activities AED 159.4 million Net cash used in financing activities AED 228.0 million</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Main performance indicators</p> | <table border="1" data-bbox="539 719 1430 992"> <thead> <tr> <th></th> <th>9M 2022</th> <th>9M 2021</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Premium retention ratio</td> <td>29.2%</td> <td>33.5%</td> <td>-4.3%</td> </tr> <tr> <td>Net loss ratio</td> <td>63.4%</td> <td>63.1%</td> <td>0.3%</td> </tr> <tr> <td>Combined ratio</td> <td>83.9%</td> <td>80.3%</td> <td>3.6%</td> </tr> <tr> <td>Expense ratio* (on net earned premium)</td> <td>17.7%</td> <td>16.2%</td> <td>1.5%</td> </tr> <tr> <td>Expense ratio* (on gross written premium)</td> <td>4.5%</td> <td>5.3%</td> <td>-0.8%</td> </tr> <tr> <td>Return on Equity</td> <td>9.9%</td> <td>12.8%</td> <td>-2.9%</td> </tr> </tbody> </table> <table border="1" data-bbox="539 936 1430 992"> <thead> <tr> <th></th> <th>30 Sep 2022</th> <th>31 Dec 2021</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Shareholder equity as a % of technical reserves</td> <td>47.0%</td> <td>67.2%</td> <td>-20.2%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p> | | 9M 2022 | 9M 2021 | Variance | Premium retention ratio | 29.2% | 33.5% | -4.3% | Net loss ratio | 63.4% | 63.1% | 0.3% | Combined ratio | 83.9% | 80.3% | 3.6% | Expense ratio* (on net earned premium) | 17.7% | 16.2% | 1.5% | Expense ratio* (on gross written premium) | 4.5% | 5.3% | -0.8% | Return on Equity | 9.9% | 12.8% | -2.9% | | 30 Sep 2022 | 31 Dec 2021 | Variance | Shareholder equity as a % of technical reserves | 47.0% | 67.2% | -20.2% |
| | 9M 2022 | 9M 2021 | Variance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Premium retention ratio | 29.2% | 33.5% | -4.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Expense ratio* (on gross written premium) | 4.5% | 5.3% | -0.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 30 Sep 2022 | 31 Dec 2021 | Variance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shareholder equity as a % of technical reserves | 47.0% | 67.2% | -20.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Expectations for the sector and the company's role in these expectations</p> | <p>ADNIC developed new sales and services capabilities particularly in digital distribution, which will positively impact multiple lines of business. ADNIC launched alternative risk transfer solutions. ADNIC built new partnerships to cross sell and expand distribution footprint. ADNIC created more synergies to improve cross-selling opportunities. ADNIC built new partnerships with free zones and corporates.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Expectations regarding the economy and its impact on the company and the sector</p> | <p>2022 continues the trend of market stabilization and recovery post COVID pandemic Focus continues to be on maintaining pricing discipline across all lines of business.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Future plans for growth and changes in operations in future periods</p> | <p>Steady expansion of ADNIC's inwards treaty business enabling profitable product and territorial differentiation. ADNIC implemented a blockchain based motor recovery platform being implemented along with other companies to automate motor recoveries. Continuous pursuit of growth strategies in more capital efficient segments.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>The size and impact of current and projected capital expenditures on the company</p> | <p>Net capital expenditures for the nine months ended 30 September 2022 was AED 7.0 million.</p> |
| <p>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</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:

07 November 2022

Company's Seal:

