

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

Date	2 nd May 2021																												
Name of the Listed Company	Abu Dhabi National Insurance Company PJSC																												
The period of the financial statements covered by the report	First Quarter 2021																												
Overview of the main results during the financial period	<p>Year-on-year gross written premiums up 1.2%, primarily driven by the consumer lines division which recorded a 6.2% increase.</p> <p>Net profit up 8.9% driven by ADNIC's clear strategy, underwriting discipline, operational excellence, and diversified investment portfolio.</p> <p>Net Investment Income is AED 38.0 million for the quarter ended 31 March 2021 compared to AED 35.0 million for the same period in 2020.</p> <p>EPS raised from 0.22 to 0.23.</p>																												
Securities issued during the financial period	None																												
Summary of the most important non-financial events and developments during the financial period	<p>Ongoing technology investment program to improve business infrastructure, enhance productivity and expand product and service offerings.</p> <p>Cost discipline maintained with G&A expenses broadly in line with the same period of 2020.</p> <p>Dynamic response to the pandemic and active support of government initiatives.</p> <p>Effective home-office working model delivered uninterrupted service to customers and safeguarded employees during continued COVID-19 uncertainty.</p>																												
Summary of operational performance during the financial period	<p>Net profit up 8.9% as pricing discipline maintained in Q1.</p> <p>Gross written premiums up 1.2% year on year</p> <p>Healthy growth in consumer lines of 6.2%.</p> <p>Selective underwriting and pricing discipline underpinned strong growth in net underwriting income of 17.2%.</p> <p>EPS growth despite market challenges.</p>																												
Summary of profit and loss during the financial period	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Q1 2021</th> <th style="text-align: right;">Q1 2020</th> <th style="text-align: right;">Var.</th> </tr> </thead> <tbody> <tr> <td>Net underwriting income</td> <td style="text-align: right;">177.2</td> <td style="text-align: right;">151.2</td> <td style="text-align: right;">17.2%</td> </tr> <tr> <td>Investment Income</td> <td style="text-align: right;">38.0</td> <td style="text-align: right;">35.0</td> <td style="text-align: right;">8.5%</td> </tr> <tr> <td>General & Admin expenses</td> <td style="text-align: right;">(59.4)</td> <td style="text-align: right;">(57.8)</td> <td style="text-align: right;">2.8%</td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">(22.2)</td> <td style="text-align: right;">(5.8)</td> <td style="text-align: right;">283.4%</td> </tr> <tr> <td>Net profit</td> <td style="text-align: right;">133.6</td> <td style="text-align: right;">122.6</td> <td style="text-align: right;">8.9%</td> </tr> <tr> <td>Basic and diluted earnings per share (AED)</td> <td style="text-align: right;">0.23</td> <td style="text-align: right;">0.22</td> <td style="text-align: right;">4.5%</td> </tr> </tbody> </table>		Q1 2021	Q1 2020	Var.	Net underwriting income	177.2	151.2	17.2%	Investment Income	38.0	35.0	8.5%	General & Admin expenses	(59.4)	(57.8)	2.8%	Provision for doubtful debts	(22.2)	(5.8)	283.4%	Net profit	133.6	122.6	8.9%	Basic and diluted earnings per share (AED)	0.23	0.22	4.5%
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Summary of financial position as at the end of the financial period	Total Deposits & cash: AED 571.0 million Total Technical reserves: AED 4.95 billion Total Shareholders' Equity: AED 2.47 billion																																				
Summary of cash flows during the financial period	Net cash used in operating activities AED 37.5 million Net cash generated from investing activities AED 72.6 million Net cash used in financing activities AED 199.5 million																																				
Main performance indicators	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;">Q1 2021</th> <th style="width: 15%; text-align: center;">Q1 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;">32.9%</td> <td style="text-align: center;">32.1%</td> <td style="text-align: center;">0.8%</td> </tr> <tr> <td>Net loss ratio</td> <td style="text-align: center;">51.1%</td> <td style="text-align: center;">57.0%</td> <td style="text-align: center;">-5.9%</td> </tr> <tr> <td>Combined ratio</td> <td style="text-align: center;">72.9%</td> <td style="text-align: center;">74.7%</td> <td style="text-align: center;">-1.8%</td> </tr> <tr> <td>Expense ratio * (on net earned premium)</td> <td style="text-align: center;">16.8%</td> <td style="text-align: center;">16.7%</td> <td style="text-align: center;">0.1%</td> </tr> <tr> <td>Expense ratio * (on gross written premium)</td> <td style="text-align: center;">3.1%</td> <td style="text-align: center;">3.1%</td> <td style="text-align: center;">0.0%</td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">5.6%</td> <td style="text-align: center;">-0.2%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;">31 Mar 2021</th> <th style="width: 15%; text-align: center;">31 Dec 2020</th> <th style="width: 10%; text-align: center;">Variance</th> </tr> </thead> <tbody> <tr> <td>Shareholder equity as a % of technical reserves</td> <td style="text-align: center;">49.9%</td> <td style="text-align: center;">57.5%</td> <td style="text-align: center;">-7.6%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p>		Q1 2021	Q1 2020	Variance	Premium retention ratio	32.9%	32.1%	0.8%	Net loss ratio	51.1%	57.0%	-5.9%	Combined ratio	72.9%	74.7%	-1.8%	Expense ratio * (on net earned premium)	16.8%	16.7%	0.1%	Expense ratio * (on gross written premium)	3.1%	3.1%	0.0%	Return on Equity	5.4%	5.6%	-0.2%		31 Mar 2021	31 Dec 2020	Variance	Shareholder equity as a % of technical reserves	49.9%	57.5%	-7.6%
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Expectations for the sector and the company's role in these expectations	ADNIC will continue to respond to the increasing digital-first mindset of retail and SME customers through ongoing product and service innovation. Capability to insure and reinsure risks in over 70 countries will help to further diversify commercial lines book of business.																																				
Expectations regarding the economy and its impact on the company and the sector	Positive outlook due to an uptick in market activity and the continued customer preference for strong and reliable insurers during unprecedented times. The overdue correction in reinsurance terms and premium rates will positively impact the market. With the global COVID-19 pandemic likely to extend well into 2021, ADNIC will continue to give back to the community through a wide range of CSR initiatives. With the UAE economy predicted to grow 3.1% in 2021, supported by the second highest vaccination rate in the world, a gradual recovery is expected this year.																																				
Future plans for growth and changes in operations in future periods	ADNIC's ambitious digitization strategy and strategic technology investments continue leave it well placed in 2021. Continued dynamic adjustment of distribution strategy in line with changing customer needs, including the acceleration of varied digital transformation journeys. Leverage machine learning tools to continually enhance efficiency and the ability to combat fraud and abuse.																																				

The size and impact of current and projected capital expenditures on the company	Net capital expenses for the quarter ended 31 March 2021 was AED 2.4 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:

02 May 2021

Company's Seal:

