

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

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| Date | 13 th November 2023 |
| Name of the Listed Company | Abu Dhabi National Insurance Company PJSC |
| The period of the financial statements covered by the report | Third Quarter 2023 |
| Overview of the main results during the financial period | <p>Strong underwriting performance combined with increased net retention. Increase in expenses due to investment in technology and digital transformation. Excellent investment income results driven by changes in asset allocation and favorable market conditions.</p> <p>New accounting standard (IFRS 17) was applied since 1 January 2023 and its impact on company performance is not material</p> <p>2022 numbers were reinstated in line with IFRS 17 standards</p> |
| Securities issued during the financial period | None |
| Summary of the most important non-financial events and developments during the financial period | <p>The Group has entered into a binding agreement to acquire 51% of the share capital of Allianz Saudi Fransi Cooperative Insurance Company (ASF), a joint stock company in the Kingdom of Saudi Arabia listed on the Saudi Exchange. The acquisition is for a total consideration of USD 133,068,800 (equal to SAR 499,008,000). The transaction fits fundamentally within the core strategic pillars of the Group as it will allow it to extend its presence into the Saudi Arabian market, deliver and optimize operating model efficiencies between the Group and the target company, and boost its consumer retail portfolios as a substantial percentage of the ASF customer base comes from this segment. The Group intends to fund the acquisition through internal cash resources. To the extent that any external funding may be required at the date of completion, the Group has access to sufficient funding facilities from banks to meet liquidity requirements. The transfer of funds for the acquisition is to be made on completion date i.e. after receiving all the necessary regulatory approvals.</p> <p>The transaction is expected to close in the coming quarters after receiving all due regulatory approvals and the financial results will be consolidated within the Group's balance sheet thereafter. The transaction is conditional on obtaining a number of customary regulatory waivers and consents.</p> <p>Collaboration with Emirates Nature-WWF to contribute to local conservation projects and help pave the way for the UAE to achieve its net zero goals.</p> <p>Signed the UAE Climate Responsible Companies Pledge to further embed sustainable practices in our operations and inspire our customers and partners to embrace sustainable action for a brighter, net-zero future.</p> <p>Contributed AED 2 million as part of a commitment to social causes and a mission to be a partner in building a cohesive society.</p> <p>Launched 'Mawhoob' programme to foster UAE Nationals' career development.</p> |

| <p>Summary of operational performance during the financial period</p> | <p>ADNIC has demonstrated a strong underwriting performance, reflected in net insurance service results of AED 271.4 million. Strong UW performance at Combined ratio at 87.9% Outstanding Investment book performance which demonstrated the growth at 69.4% versus prior</p> <p>Significant growth in Net profit at 16.2% versus prior driven by balanced insurance and investment operations performance combined with controlled expense base</p> <p>An increase in earnings per share from AED 0.46 to AED 0.53</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------------|------------------|---------------|------------------|------------------------------|---------|---------|----------|-----------------------|---------|--------|--------|---|-------|---------|-------|----------------|---------|---------|--------|--------------------------|-----------|-----------|---------|-----------------------|---------|---------|--------|
| <p>Summary of profit and loss during the financial period</p> | <table border="1"> <thead> <tr> <th>AED thousands</th> <th>YTD Sept 2023</th> <th>YTD Sept 2022</th> <th>Variation in AED</th> </tr> </thead> <tbody> <tr> <td>Net insurance service result</td> <td>271,368</td> <td>291,428</td> <td>(20,060)</td> </tr> <tr> <td>Net investment income</td> <td>158,930</td> <td>93,819</td> <td>65,111</td> </tr> <tr> <td>Net Insurance finance income and expenses</td> <td>(599)</td> <td>(3,624)</td> <td>3,025</td> </tr> <tr> <td>Total income</td> <td>429,699</td> <td>381,623</td> <td>48,076</td> </tr> <tr> <td>Other operating expenses</td> <td>(127,820)</td> <td>(121,802)</td> <td>(6,018)</td> </tr> <tr> <td>Profit for the period</td> <td>301,879</td> <td>259,821</td> <td>42,058</td> </tr> </tbody> </table> | AED thousands | YTD Sept 2023 | YTD Sept 2022 | Variation in AED | Net insurance service result | 271,368 | 291,428 | (20,060) | Net investment income | 158,930 | 93,819 | 65,111 | Net Insurance finance income and expenses | (599) | (3,624) | 3,025 | Total income | 429,699 | 381,623 | 48,076 | Other operating expenses | (127,820) | (121,802) | (6,018) | Profit for the period | 301,879 | 259,821 | 42,058 |
| AED thousands | YTD Sept 2023 | YTD Sept 2022 | Variation in AED | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net insurance service result | 271,368 | 291,428 | (20,060) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net investment income | 158,930 | 93,819 | 65,111 | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total income | 429,699 | 381,623 | 48,076 | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Profit for the period | 301,879 | 259,821 | 42,058 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of financial position as at the end of the financial period</p> | <p>Total Deposits & cash: AED 1.19 billion Total Assets: AED 7.38 billion Total Shareholders' Equity: AED 2.82 billion</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Summary of cash flows during the financial period</p> | <p>Net cash generated from operating activities AED 298.1 million Net cash generated from investing activities AED 182.3 million Net cash used in financing activities AED 228.0 million</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Main performance indicators</p> | <table border="1"> <thead> <tr> <th></th> <th>Q3 2023</th> <th>Q3 2022</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Premium Retention</td> <td>32.0%</td> <td>29.2%</td> <td>2.8%</td> </tr> <tr> <td>Net Claims Ratio</td> <td>66.3%</td> <td>64.2%</td> <td>2.1%</td> </tr> <tr> <td>Expense Ratio*</td> <td>21.6%</td> <td>20.0%</td> <td>1.6%</td> </tr> <tr> <td>Combined Ratio</td> <td>87.9%</td> <td>84.2%</td> <td>3.7%</td> </tr> <tr> <td>Return on equity</td> <td>10.9%</td> <td>9.5%</td> <td>1.3%</td> </tr> </tbody> </table> <p><i>*incl bad debt, risk adjustment and finance income (expense)</i></p> | | Q3 2023 | Q3 2022 | Variance | Premium Retention | 32.0% | 29.2% | 2.8% | Net Claims Ratio | 66.3% | 64.2% | 2.1% | Expense Ratio* | 21.6% | 20.0% | 1.6% | Combined Ratio | 87.9% | 84.2% | 3.7% | Return on equity | 10.9% | 9.5% | 1.3% | | | | |
| | Q3 2023 | Q3 2022 | Variance | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Premium Retention | 32.0% | 29.2% | 2.8% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Claims Ratio | 66.3% | 64.2% | 2.1% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expense Ratio* | 21.6% | 20.0% | 1.6% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Combined Ratio | 87.9% | 84.2% | 3.7% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Return on equity | 10.9% | 9.5% | 1.3% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Expectations for the sector and the company's role in these expectations</p> | <p>Capacity is buoyant with over-placement common putting pressure on pricing and signing Bottom line focus with increased customer satisfaction is the priority. Continued optimisation of retentions in commercial segment. Lifestyle customisable products (PAYG, Telematics, Mobile Applications) Behavioural predictive analytics vs traditional burning cost analytics. Medical: utilization to stabilise and settlement cycle to further accelerate Credit Life: Expect growth in line with overall economy Motor : Rationalization of technical terms and conditions</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>Expectations regarding the economy and its impact on the company and the sector</p> | <p>Growth prospects in the medium-term outlook remain positive due to rising oil prices Government policy will remain centered on diversifying the economy away from a dependence on energy rents, aiming to build on Abu Dhabi and Dubai's success in emerging as regional hubs for finance, construction, retail and tourism. To support diversification efforts, development of the energy sector will continue in the medium-term. Investment in the natural gas sector in particular is expected to increase in the years ahead to unlock the country's production potential The UAE's National Energy Strategy 2050 aims for 50% of electricity generation to be sourced from renewables including nuclear power, up from less than 20% in 2021, with 38% generated by natural gas and 12% by coal ADNIC will continue to support the economy development by providing the insurance support in all the areas of growth</p> |
| <p>Future plans for growth and changes in operations in future periods</p> | <p>Continue to invest in technologies to improve service delivery and distribution Continued focus on operational efficiencies particularly in high customer impact areas Maintain the focus on sustainability as a key operational pillar</p> |
| <p>The size and impact of current and projected capital expenditures on the company</p> | <p>Net capital expenditure for the period ended 30 Sep 2023 was AED 8.51 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> |

Charalampos Mylonas
Chief Executive Officer

Signature:



13 November 2023

Company's Seal:

