

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

Date	9 th August 2022		
Name of the Listed Company	Abu Dhabi National Insurance Company PJSC		
The period of the financial statements covered by the report	First Half 2022		
Overview of the main results during the financial period	<p>Year-on-year gross written premiums up 20.9%, driven by outstanding growth in commercial lines at 30.7%, as well as growth in Consumer lines at 9.3% delivered through various business segment.</p> <p>Net profit down 24.8% for H1 impacted by current market conditions.</p> <p>Net underwriting income remains strong at combined ratio 82% and reached AED 253.9 million despite the ongoing price competition and restoration of consumer behavioral patterns at pre-pandemic level.</p> <p>Strong Q2 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>Deployed our health and wellness app 'LiveWell' that include multiple features such as health risk assessments and a health library that provides information on certain conditions, symptoms and more</p> <p>Developed new sales and services capabilities particularly in digital distribution, which will positively impact multiple lines of business</p> <p>ADNIC won 'General Insurer of the Year' at the InsurTek Golden Shield Excellence Awards 2022</p>		
Summary of operational performance during the financial period	<p>Net profit has reached AED 186.9 million.</p> <p>Gross written premiums up 20.9% year-on-year.</p> <p>Outstanding growth in commercial lines at 30.7%, as well as growth in Consumer lines at 9.3% delivered through various business segment.</p> <p>Cost discipline maintained with G&A expenses growth due to investments in new technologies and capabilities.</p>		
Summary of profit and loss during the financial period	(Amount in AED millions)		
	H1 2022	H1 2021	Var.
	253.9	280.3	-9.4%
Net underwriting income			
Investment Income	62.0	87.3	-28.9%
General & Admin expenses	(123.9)	(112.6)	10.0%
Provision for doubtful debts	(5.1)	(6.3)	-19.0%
Net profit	186.9	248.7	-24.8%
Basic and diluted earnings per share (AED)	0.33	0.44	-25.0%

<p>Summary of financial position as at the end of the financial period</p>	<p>Total Deposits & cash: AED 697.8 million Total Technical reserves: AED 5.40 billion Total Shareholders' Equity: AED 2.58 billion</p>																																				
<p>Summary of cash flows during the financial period</p>	<p>Net cash generated from operating activities AED 87.0 million Net cash used in investing activities AED 106.2 million Net cash used in financing activities AED 228.0 million</p>																																				
<p>Main performance indicators</p>	<table border="1" data-bbox="534 719 1441 996"> <thead> <tr> <th></th> <th>H1 2022</th> <th>H1 2021</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Premium retention ratio</td> <td>31.9%</td> <td>34.3%</td> <td>-2.4%</td> </tr> <tr> <td>Net loss ratio</td> <td>61.6%</td> <td>60.5%</td> <td>1.1%</td> </tr> <tr> <td>Combined ratio</td> <td>82.1%</td> <td>77.1%</td> <td>5.0%</td> </tr> <tr> <td>Expense ratio* (on net earned premium)</td> <td>17.8%</td> <td>15.9%</td> <td>1.9%</td> </tr> <tr> <td>Expense ratio* (on gross written premium)</td> <td>3.8%</td> <td>4.2%</td> <td>-0.4%</td> </tr> <tr> <td>Return on Equity</td> <td>6.9%</td> <td>9.7%</td> <td>-2.8%</td> </tr> </tbody> </table> <table border="1" data-bbox="534 943 1441 996"> <thead> <tr> <th></th> <th>30 Jun 2022</th> <th>31 Dec 2021</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Shareholder equity as a % of technical reserves</td> <td>47.8%</td> <td>67.2%</td> <td>-19.4%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p>		H1 2022	H1 2021	Variance	Premium retention ratio	31.9%	34.3%	-2.4%	Net loss ratio	61.6%	60.5%	1.1%	Combined ratio	82.1%	77.1%	5.0%	Expense ratio* (on net earned premium)	17.8%	15.9%	1.9%	Expense ratio* (on gross written premium)	3.8%	4.2%	-0.4%	Return on Equity	6.9%	9.7%	-2.8%		30 Jun 2022	31 Dec 2021	Variance	Shareholder equity as a % of technical reserves	47.8%	67.2%	-19.4%
	H1 2022	H1 2021	Variance																																		
Premium retention ratio	31.9%	34.3%	-2.4%																																		
Net loss ratio	61.6%	60.5%	1.1%																																		
Combined ratio	82.1%	77.1%	5.0%																																		
Expense ratio* (on net earned premium)	17.8%	15.9%	1.9%																																		
Expense ratio* (on gross written premium)	3.8%	4.2%	-0.4%																																		
Return on Equity	6.9%	9.7%	-2.8%																																		
	30 Jun 2022	31 Dec 2021	Variance																																		
Shareholder equity as a % of technical reserves	47.8%	67.2%	-19.4%																																		
<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 deployed its health and wellness app 'LiveWell' that include multiple features such as health risk assessments and a health library that provides information on certain conditions, symptoms and more 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>ADNIC will continue to utilise its sustainability strategy to <u>continue to be recognized as responsible and reliable business</u>, become an ever-more responsible and reliable business, ensuring the long-term benefits for customers and employees Continuous pursuit of growth strategies in more capital efficient segments</p>																																				

The size and impact of current and projected capital expenditures on the company	Net capital expenditures for the half year ended 30 June 2022 was AED 2.3 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 August 2022

Company's Seal:

