

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

| Date | 10 th August 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------|---------|---------|------|------------------------------|---------|---------|-------|-----------------------|---------|--------|-------|---|---------|---------|--------|--------------|---------|---------|-------|--------------------------|----------|----------|------|-----------------------|---------|---------|-------|
| Name of the Listed Company | Abu Dhabi National Insurance Company PJSC | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The period of the financial statements covered by the report | First Half 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Overview of the main results during the financial period | <p>Strong underwriting performance with a combined ratio of 87.6% (IFRS 17 basis) with stable net retention</p> <p>Decreased expense ratio achieved through a well-maintained expense base combined with enhanced insurance earnings</p> <p>Excellent investment income results</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>Strong new business wins and pipeline in 1H 2023</p> <p>Solid UW profit across all major tier 1 portfolios</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Summary of operational performance during the financial period | <p>ADNIC has demonstrated a strong underwriting performance, reflected in net insurance service results of AED 178.1 million.</p> <p>The net income from investments for the first half of 2023 has increased by 79% to AED 110.8 million. The tailwind of higher rates and changes in asset allocation positively impacted the portfolio. The trading portfolio generated strong returns. As an outcome of strong underwriting and investment performance ADNIC has delivered net profit of AED 204.4 million (15.5% increase versus prior) , and an increase in earnings per share from AED 0.31 to AED 0.36</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Summary of profit and loss during the financial period | <table border="1"> <thead> <tr> <th>AED'000</th> <th>H1 2023</th> <th>H1 2022</th> <th>Var.</th> </tr> </thead> <tbody> <tr> <td>Net insurance service result</td> <td>178,107</td> <td>196,440</td> <td>-9.3%</td> </tr> <tr> <td>Net investment income</td> <td>110,753</td> <td>62,022</td> <td>78.6%</td> </tr> <tr> <td>Net Insurance finance income and expenses</td> <td>(2,950)</td> <td>(3,760)</td> <td>-21.5%</td> </tr> <tr> <td>Total income</td> <td>285,910</td> <td>254,702</td> <td>12.3%</td> </tr> <tr> <td>Other operating expenses</td> <td>(81,521)</td> <td>(77,680)</td> <td>4.9%</td> </tr> <tr> <td>Profit for the period</td> <td>204,389</td> <td>177,022</td> <td>15.5%</td> </tr> </tbody> </table> | AED'000 | H1 2023 | H1 2022 | Var. | Net insurance service result | 178,107 | 196,440 | -9.3% | Net investment income | 110,753 | 62,022 | 78.6% | Net Insurance finance income and expenses | (2,950) | (3,760) | -21.5% | Total income | 285,910 | 254,702 | 12.3% | Other operating expenses | (81,521) | (77,680) | 4.9% | Profit for the period | 204,389 | 177,022 | 15.5% |
| AED'000 | H1 2023 | H1 2022 | Var. | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <p>Summary of financial position as at the end of the financial period</p> | <p>Total Deposits & cash: AED 876 million Total Assets: AED 7.06 billion Total Shareholders' Equity: AED 2.73 billion</p> | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------|----------|---------|----------|-------------------|-------|-------|------|------------------|-------|-------|------|----------------|-------|-------|-------|----------------|-------|-------|------|------------------|------|------|------|
| <p>Summary of cash flows during the financial period</p> | <p>Net cash used in operating activities AED 21.1 million Net cash generated from investing activities AED 97.5 million Net cash used in financing activities AED 228.0 million</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Main performance indicators</p> | <table border="1" data-bbox="550 734 1401 981"> <thead> <tr> <th></th> <th>Q2 2023</th> <th>Q2 2022</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Premium Retention</td> <td>31.9%</td> <td>31.9%</td> <td>0.0%</td> </tr> <tr> <td>Net Claims Ratio</td> <td>64.1%</td> <td>63.7%</td> <td>0.4%</td> </tr> <tr> <td>Expense Ratio*</td> <td>18.2%</td> <td>19.8%</td> <td>-1.6%</td> </tr> <tr> <td>Combined Ratio</td> <td>87.6%</td> <td>83.0%</td> <td>4.6%</td> </tr> <tr> <td>Return on equity</td> <td>7.5%</td> <td>6.5%</td> <td>1.0%</td> </tr> </tbody> </table> <p><i>*incl bad debt, risk adjustment, finance income (expense)</i></p> | | Q2 2023 | Q2 2022 | Variance | Premium Retention | 31.9% | 31.9% | 0.0% | Net Claims Ratio | 64.1% | 63.7% | 0.4% | Expense Ratio* | 18.2% | 19.8% | -1.6% | Combined Ratio | 87.6% | 83.0% | 4.6% | Return on equity | 7.5% | 6.5% | 1.0% |
| | Q2 2023 | Q2 2022 | Variance | | | | | | | | | | | | | | | | | | | | | | |
| Premium Retention | 31.9% | 31.9% | 0.0% | | | | | | | | | | | | | | | | | | | | | | |
| Net Claims Ratio | 64.1% | 63.7% | 0.4% | | | | | | | | | | | | | | | | | | | | | | |
| Expense Ratio* | 18.2% | 19.8% | -1.6% | | | | | | | | | | | | | | | | | | | | | | |
| Combined Ratio | 87.6% | 83.0% | 4.6% | | | | | | | | | | | | | | | | | | | | | | |
| Return on equity | 7.5% | 6.5% | 1.0% | | | | | | | | | | | | | | | | | | | | | | |
| <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> | | | | | | | | | | | | | | | | | | | | | | | | |
| <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> | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>The size and impact of current and projected capital expenditures on the company</p> | <p>Net capital expenditure for the half ended 30 June 2023 was AED 4.92 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:

10 August 2023

Company's Seal:

