

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

Date	8 th November 2021																														
Name of the Listed Company	Abu Dhabi National Insurance Company PJSC																														
The period of the financial statements covered by the report	Third Quarter 2021																														
Overview of the main results during the financial period	<p>Year-on-year gross written premiums up 2.4%, primarily driven by the consumer lines division which recorded a 15.9% increase due to new initiatives kicked off in 2021.</p> <p>Net profit up 18.0% in first nine months of 2021 driven by strong performance across the business.</p> <p>Healthy 48.0% growth in investment income with dividend income normalised, AED 125.8 million for the third quarter ended 30 September 2021 compared to AED 85.0 million for the same period in 2020.</p> <p>EPS raised from 0.50 to 0.59.</p>																														
Securities issued during the financial period	None																														
Summary of the most important non-financial events and developments during the financial period	<p>ADNIC has recently been assigned a financial strength rating of A (Excellent) and a long-term issuer credit rating of "a" (Excellent) with a stable outlook by ratings agency AM Best, in addition to our credit rating upgrade to 'A' with a stable outlook by S&P earlier in the year.</p> <p>General & Administrative expenses excluding provision for doubtful debts down 0.9% compared with the same period of 2020 due to ADNIC's ongoing efficiency and optimisation strategy.</p> <p>Investments in digital platforms continued to deliver a seamless client experience in response to ongoing COVID-19 challenges</p>																														
Summary of operational performance during the financial period	<p>Net profit up 18.0% in first nine months of 2021 driven by strong performance across the business</p> <p>Built on success and stability delivered during the uncertainty of the last 18 months to capitalise on the rebound in market conditions</p> <p>Gross written premiums up 2.4% year-on-year.</p> <p>Healthy growth in consumer lines of 15.9% due to new initiatives kicked off in 2021. 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 style="width: 60%;"></th> <th style="text-align: right;">9M 2021</th> <th style="text-align: right;">9M 2020</th> <th style="text-align: right;">Var.</th> </tr> </thead> <tbody> <tr> <td>Net underwriting income</td> <td style="text-align: right;">388.8</td> <td style="text-align: right;">394.7</td> <td style="text-align: right;">-1.50%</td> </tr> <tr> <td>Investment Income</td> <td style="text-align: right;">125.8</td> <td style="text-align: right;">85.0</td> <td style="text-align: right;">48.00%</td> </tr> <tr> <td>General & Admin expenses</td> <td style="text-align: right;">(170.6)</td> <td style="text-align: right;">(172.1)</td> <td style="text-align: right;">-0.90%</td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">(10.3)</td> <td style="text-align: right;">(24.8)</td> <td style="text-align: right;">-58.50%</td> </tr> <tr> <td>Net profit</td> <td style="text-align: right;">333.7</td> <td style="text-align: right;">282.8</td> <td style="text-align: right;">18.00%</td> </tr> <tr> <td>Basic and diluted earnings per share (AED)</td> <td style="text-align: right;">0.59</td> <td style="text-align: right;">0.50</td> <td style="text-align: right;">18.00%</td> </tr> </tbody> </table>				9M 2021	9M 2020	Var.	Net underwriting income	388.8	394.7	-1.50%	Investment Income	125.8	85.0	48.00%	General & Admin expenses	(170.6)	(172.1)	-0.90%	Provision for doubtful debts	(10.3)	(24.8)	-58.50%	Net profit	333.7	282.8	18.00%	Basic and diluted earnings per share (AED)	0.59	0.50	18.00%
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<p>Summary of financial position as at the end of the financial period</p>	<p>Total Deposits & cash: AED 768.6 million Total Technical reserves: AED 4.28 billion Total Shareholders' Equity: AED 2.72 billion</p>																																				
<p>Summary of cash flows during the financial period</p>	<p>Net cash generated from operating activities AED 155.9 million Net cash used in investing activities AED 5.9 million Net cash used in financing activities AED 199.5 million</p>																																				
<p>Main performance indicators</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;">9M 2021</th> <th style="width: 15%; text-align: center;">9M 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;">33.5%</td> <td style="text-align: center;">32.7%</td> <td style="text-align: center;">0.8%</td> </tr> <tr> <td>Net loss ratio</td> <td style="text-align: center;">63.1%</td> <td style="text-align: center;">60.3%</td> <td style="text-align: center;">2.8%</td> </tr> <tr> <td>Combined ratio</td> <td style="text-align: center;">80.3%</td> <td style="text-align: center;">80.3%</td> <td style="text-align: center;">0.0%</td> </tr> <tr> <td>Expense ratio* (on net earned premium)</td> <td style="text-align: center;">16.2%</td> <td style="text-align: center;">17.1%</td> <td style="text-align: center;">-0.9%</td> </tr> <tr> <td>Expense ratio* (on gross written premium)</td> <td style="text-align: center;">5.3%</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">-0.1%</td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: center;">12.8%</td> <td style="text-align: center;">12.1%</td> <td style="text-align: center;">0.7%</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;">30 Sep 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;">63.4%</td> <td style="text-align: center;">57.5%</td> <td style="text-align: center;">5.9%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p>		9M 2021	9M 2020	Variance	Premium retention ratio	33.5%	32.7%	0.8%	Net loss ratio	63.1%	60.3%	2.8%	Combined ratio	80.3%	80.3%	0.0%	Expense ratio* (on net earned premium)	16.2%	17.1%	-0.9%	Expense ratio* (on gross written premium)	5.3%	5.4%	-0.1%	Return on Equity	12.8%	12.1%	0.7%		30 Sep 2021	31 Dec 2020	Variance	Shareholder equity as a % of technical reserves	63.4%	57.5%	5.9%
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<p>Expectations for the sector and the company's role in these expectations</p>	<p>Continued investment in digital capabilities to adapt to current and post-covid market conditions. ADNIC will continue to pursue new opportunities to deliver exceptional services to our customers and make a positive impact on communities across the country. Premium rates for large risks are expected to further stabilise, ADNIC's risk retention is set to strengthen. Risk Retention in certain profitable lines being increased, while pricing discipline is being maintained in certain lines of business until the market rationalises.</p>																																				
<p>Expectations regarding the economy and its impact on the company and the sector</p>	<p>The UAE economy is anticipated to grow by 2.1% in 2021 driven by the post-pandemic recovery, accelerating to 4.2% in 2022 (Source: UAE Central Bank). Strong rebound in global rebound demand for oil with prices hitting three-year highs. Tourism demand set to pick up as restrictions continue to ease, with megaevents like Expo 2020 Dubai supporting in-bound travel volumes. Positive outlook for the remainder of the year as the global recovery continues.</p>																																				
<p>Future plans for growth and changes in operations in future periods</p>	<p>ADNIC will continue to maintain its competitive advantage through a clear strategy, underwriting discipline, operational excellence and a diversified investment portfolio. ADNIC will continue to invest in technologies and digital capabilities to adapt to current and post-covid market conditions.</p>																																				

The size and impact of current and projected capital expenditures on the company	Net capital expenses for the third quarter ended 30 September 2021 was AED 11.5 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:

08 November 2021

Company's Seal:

