

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

Date	13 th February 2023																												
Name of the Listed Company	Abu Dhabi National Insurance Company PJSC																												
The period of the financial statements covered by the report	2022 Annual Financials																												
Overview of the main results during the financial period	<p>Significant top-line growth with gross written premium up 20.1%, driven by stellar performance of commercial division (+38.2% year-on-year). Gross written premium in 2022 is AED 5.13 billion as a result of constant growth in the size of the operation (CAGR of 14.2% during last 5 years). Net profit down 5.9% for 2022 impacted by current market conditions. Net underwriting income remains strong at combined ratio 84.2% and reached AED 490.9 million in par with prior year. Consistent investment performance despite volatile market conditions.</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' which includes multiple features such as health risk assessments and a health library Developed new sales and services capabilities particularly in digital distribution, which will positively impact multiple lines of business More synergies being created to improve cross-selling opportunities New partnerships being put in place with free zones and corporates Partnership with XA on Addenda's Blockchain-based, end-to-end digital solution that enables insurers to reconcile motor recovery receivables between each other Won 'General Insurer of the Year' at the InsurTek Golden Shield Excellence Awards 2022 and 'General Insurance Company of the Year' at the Middle East Insurance Industry Awards</p>																												
Summary of operational performance during the financial period	<p>Net profit has reached AED 377.9 million. Gross written premiums up 20.1% year-on-year. Stellar year-on-year growth in commercial lines at 38.2%, with consistent year-on-year performance in consumer lines to reach AED 1,972 million. Maintained net underwriting income despite adverse market conditions Expenses growth was lower than premium growth despite the continued cost from critical projects, such as IFRS 17 implementation, investment in new digital technologies and improvements in customer experience.</p>																												
Summary of profit and loss during the financial period	<p style="text-align: right;">(Amount in AED millions)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">FY 2022</th> <th style="text-align: right;">FY 2021</th> <th style="text-align: right;">Var.</th> </tr> </thead> <tbody> <tr> <td>Net underwriting income</td> <td style="text-align: right;">490.9</td> <td style="text-align: right;">491.9</td> <td style="text-align: right;">-0.2%</td> </tr> <tr> <td>Investment Income</td> <td style="text-align: right;">144.2</td> <td style="text-align: right;">144.2</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>General & Admin expenses</td> <td style="text-align: right;">(258.6)</td> <td style="text-align: right;">(230.0)</td> <td style="text-align: right;">12.4%</td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">1.4</td> <td style="text-align: right;">(4.3)</td> <td style="text-align: right;">-132.6%</td> </tr> <tr> <td>Net profit</td> <td style="text-align: right;">377.9</td> <td style="text-align: right;">401.8</td> <td style="text-align: right;">-5.9%</td> </tr> <tr> <td>Basic and diluted earnings per share (AED)</td> <td style="text-align: right;">0.66</td> <td style="text-align: right;">0.70</td> <td style="text-align: right;">-5.7%</td> </tr> </tbody> </table>		FY 2022	FY 2021	Var.	Net underwriting income	490.9	491.9	-0.2%	Investment Income	144.2	144.2	0%	General & Admin expenses	(258.6)	(230.0)	12.4%	Provision for doubtful debts	1.4	(4.3)	-132.6%	Net profit	377.9	401.8	-5.9%	Basic and diluted earnings per share (AED)	0.66	0.70	-5.7%
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<p>Summary of financial position as at the end of the financial period</p>	<p>Total Deposits & cash: AED 980.9 million Total Technical reserves: AED 5.23 billion Total Shareholders' Equity: AED 2.69 billion</p>																																				
<p>Summary of cash flows during the financial period</p>	<p>Net cash generated from operating activities AED 335.4 million Net cash used in investing activities AED 181.6 million Net cash used in financing activities AED 228.0 million</p>																																				
<p>Main performance indicators</p>	<table border="1" data-bbox="560 682 1396 945"> <thead> <tr> <th></th> <th>FY 2022</th> <th>FY 2021</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Premium retention ratio</td> <td>32.4%</td> <td>37.9%</td> <td>-5.5%</td> </tr> <tr> <td>Net loss ratio</td> <td>64.5%</td> <td>65%</td> <td>-0.5%</td> </tr> <tr> <td>Combined ratio</td> <td>84.2%</td> <td>81.6%</td> <td>2.6%</td> </tr> <tr> <td>Expense ratio* (on net earned premium)</td> <td>17.5%</td> <td>16.4%</td> <td>1.1%</td> </tr> <tr> <td>Expense ratio* (on gross written premium)</td> <td>5.0%</td> <td>5.4%</td> <td>-0.4%</td> </tr> <tr> <td>Return on Equity</td> <td>13.7%</td> <td>15.1%</td> <td>-1.4%</td> </tr> </tbody> </table> <table border="1" data-bbox="560 892 1396 945"> <thead> <tr> <th></th> <th>31 Dec 2022</th> <th>31 Dec 2021</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Shareholder equity as a % of technical reserves</td> <td>51.4%</td> <td>67.2%</td> <td>-15.8%</td> </tr> </tbody> </table> <p>*Excluding provision for doubtful debts</p>		FY 2022	FY 2021	Variance	Premium retention ratio	32.4%	37.9%	-5.5%	Net loss ratio	64.5%	65%	-0.5%	Combined ratio	84.2%	81.6%	2.6%	Expense ratio* (on net earned premium)	17.5%	16.4%	1.1%	Expense ratio* (on gross written premium)	5.0%	5.4%	-0.4%	Return on Equity	13.7%	15.1%	-1.4%		31 Dec 2022	31 Dec 2021	Variance	Shareholder equity as a % of technical reserves	51.4%	67.2%	-15.8%
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<p>Expectations for the sector and the company's role in these expectations</p>	<p>Market is starting to show signs of softening across various products after some rating discipline in the recent past in commercial sector 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 Make sustainability 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 year ended 31 December 2022 was AED 19.4 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>

Ahmad Idris
Chief Executive Officer
Signature:

13 February 2023

Company's Seal:

