

Abu Dhabi National Insurance Company PJSC

YOUR RELIABLE INSURER

FULL-YEAR 2020 EARNINGS RESULTS
INVESTOR PRESENTATION



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FULL-YEAR 2020 RESULTS

FULL-YEAR 2020: STRENGTH, AGILITY AND DELIVERY THROUGHOUT AN UNPRECEDENTED YEAR

Profitable growth despite market challenges

- Year-on-year gross written premiums up 6.8%, primarily driven by the commercial lines division which recorded a 13.1% increase
- Year-on-year net profit up 30.5% driven by strong technical underwriting results and an effective cost management strategy

Digitisation and operational efficiency gains underpin effective cost management strategy

- 5.3% reduction in full-year G&A expenses, excluding provision for doubtful debts
- Ambitious digital transformation strategy helps customers transition to alternative channels, elevating the experience and enhancing productivity

Helped customers, employees and the community navigate COVID-19 uncertainty

- Maintained status as the region's largest commercial lines insurer due to treaty capacity, international reputation, professional expertise and client relationships
- Dynamic response to the pandemic and long-term investment into technology ensured seamless operations throughout 2020
- Successful home-office working model safeguarded employees and delivered uninterrupted service

STRONG PERFORMANCE IN 2020

AED 4,012.2 Mn +6.8%	Gross written premiums
AED 1,348.5 Mn +11.9%	Net written premiums
AED 497.2 Mn +26.5%	Net underwriting income
AED 114.8 Mn -19.3%	Investment Income
AED 371.0 Mn +30.5%	Net profit
AED 0.65 +30.0%	Basic and diluted EPS
15.4% +2.5%	Return on Equity

Strong growth in both top-line and bottom-line profitability

- Increased premiums, ongoing underwriting excellence and enhanced operational efficiency combined to boost net profit by 30.5%

Gross written premiums up 6.8% year on year

- Strong performance across commercial lines delivered growth of 13.1%
- Consumer lines finished the year flat due to the overall economic slowdown and resulting competitive pressure

Underwriting results significantly exceeded 2019

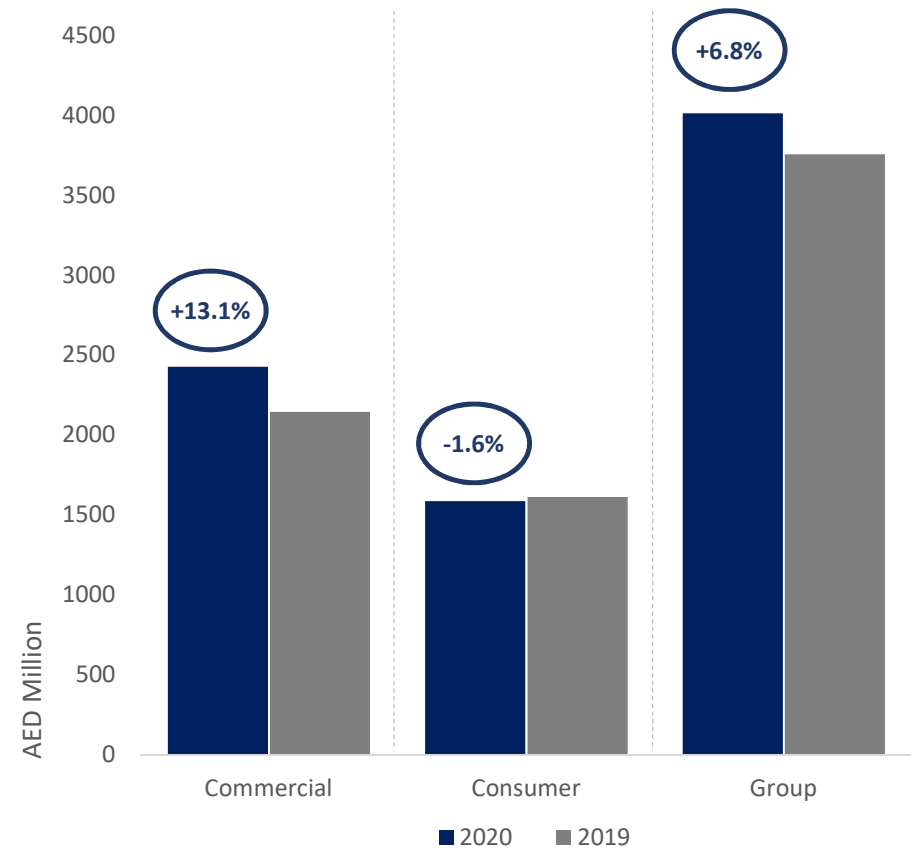
- Selective underwriting and pricing discipline underpinned strong growth in net underwriting income of 26.5%

Basic and diluted earnings per share of AED 0.65 vs AED 0.50 last year

- Resilient financial performance reflected in strong EPS growth
- ADNIC continues to generate significant shareholder value with double digit Return on Equity

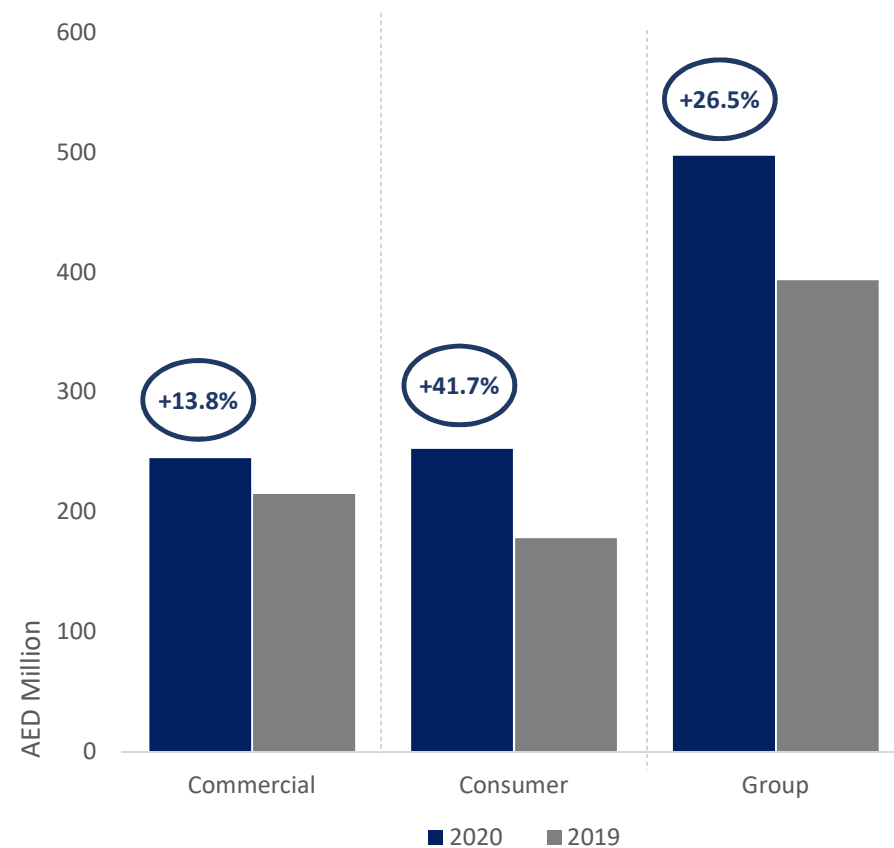
INSURANCE PERFORMANCE BY SEGMENT: GROSS WRITTEN PREMIUMS

- Solid Group-level GWP growth of 6.8% delivered the highest total insurance premiums in ADNOC's history
- Particularly strong commercial lines performance saw GWP increase 13.1% year-on-year, with a renewal retention ratio of 90%
- Significant new commercial lines wins in the engineering, construction, power and utilities, manufacturing, strata, marine hull and aviation sectors
- Consumer lines performed resiliently despite the macro conditions, decreasing moderately by 1.6%
- Employee benefits posted moderate but resilient 2.6% growth
- Challenging year for retail motor eased in the final quarter following the successful implementation of various business strategies



INSURANCE PERFORMANCE BY SEGMENT: NET UNDERWRITING INCOME

- Significant growth of 26.5% in Group-wide underwriting profitability
- Focus on profitable business delivered a particularly strong improvement in consumer line underwriting income

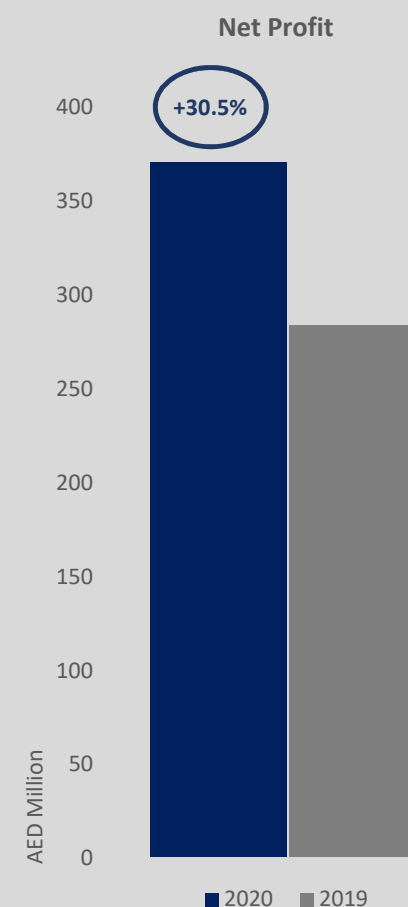


PROFIT AND LOSS STATEMENT

AED Million

	FY 2020	FY 2019	Var.
Net underwriting income	497.2	393.2	26.5%
Investment Income	114.8	142.2	-19.3%
General & Admin expenses	(231.7)	(244.6)	-5.3%
Provision for doubtful debts	(9.3)	(6.5)	43.0%
Net profit	371.0	284.3	30.5%
Basic and diluted earnings per share (AED)	0.65	0.50	30.0%

- Delivered strong and profitable growth despite the challenging market conditions
- Strong profitability maintained through underwriting discipline, the introduction of the analytics control cycle in the decision-making process and the implicit reduction in the underlying risk exposures as a result of reduced population movements

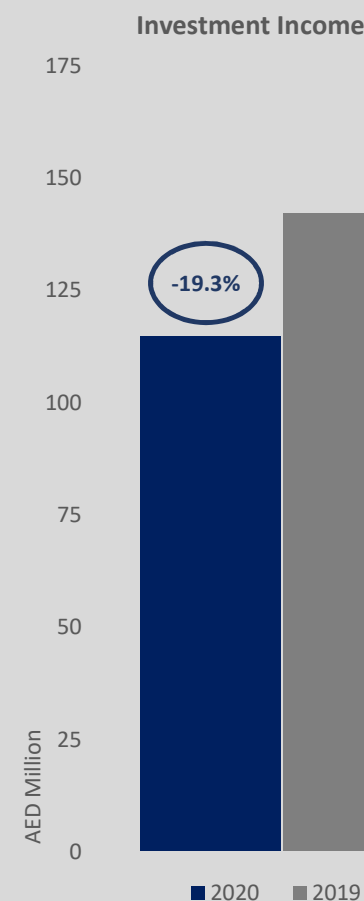


INVESTMENT PERFORMANCE

AED Million

	FY 2020	FY 2019	Var.
Dividend income	82.5	79.0	4.4%
Other investment income	4.3	31.3	-86.3%
Income from investment properties (net)	28.0	31.9	-12.2%
Investment Income through Profit and Loss	114.8	142.2	-19.3%

- Investment income was impacted by the market volatility in early 2020. Consequently, investment income through P&L was lower by 19.3% compared to prior year
- The diverse nature of the portfolio led to a quick recovery in valuations in the second half of the year
- The other comprehensive income position improved significantly during the fourth quarter of 2020



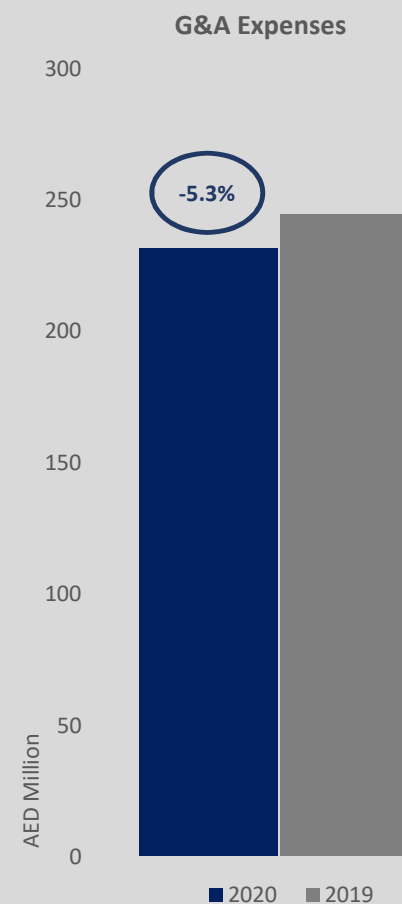
GENERAL & ADMIN EXPENSES

AED Million

	FY 2020	FY 2019	Var.
General & Admin expenses *	231.7	244.6	-5.3%
G&A * / GWP Ratio	5.8%	6.5%	-0.7%

- 5.3% annual reduction in G&A expenses reflected the improvement in operational efficiency and the impact of a company-wide cost management programme
- Ongoing efficiency gains generated from ADNOC's digitisation strategy and increased productivity

* Excluding provision for doubtful debts

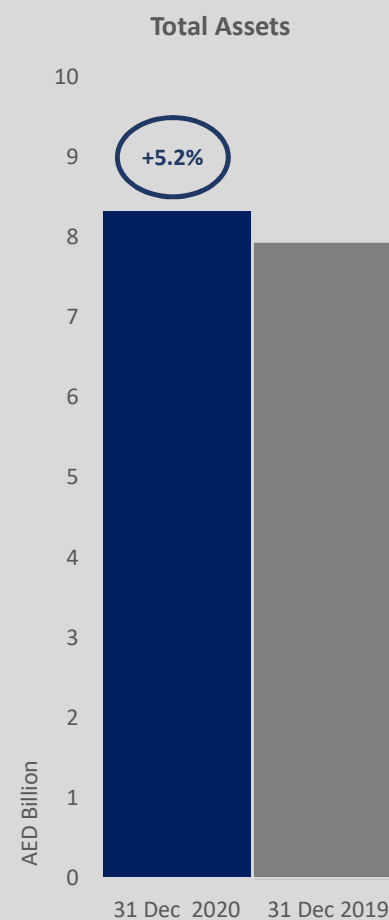


BALANCE SHEET

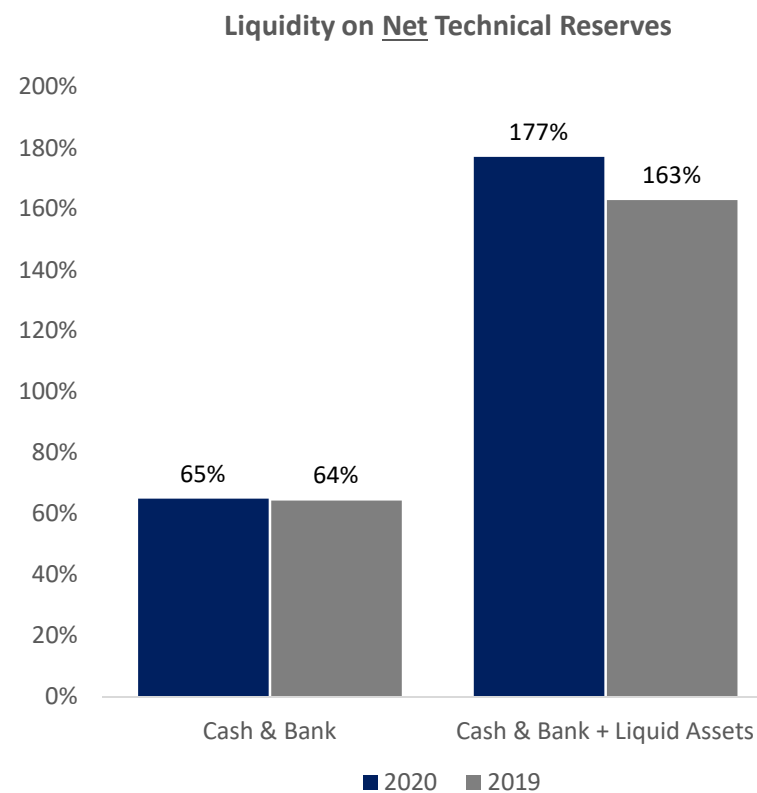
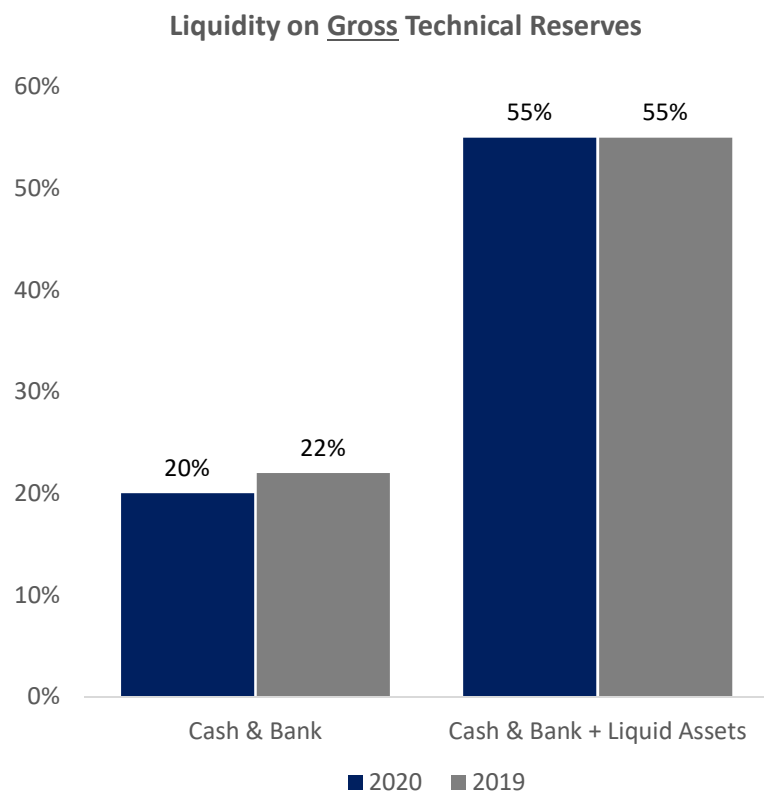
AED Million

	31 Dec 2020	31 Dec 2019	Variance
Total Assets	8,329.8	7,921.0	5.2%
Investment Assets	4,056.0	3,952.9	2.6%
Cash balances	880.2	920.4	-4.4%
Total Liabilities	5,822.7	5,624.7	3.5%
Gross Technical Reserves	4,362.1	4,251.6	2.6%
Total Equity	2,507.1	2,296.3	9.2%

- ADNIC continues to hold a material surplus above solvency requirements
- Healthy 5.2% growth in total assets compared to year-end 2019



LIQUIDITY ANALYSIS – TECHNICAL RESERVES



KEY PERFORMANCE RATIOS

	FY 2020	FY 2019	Variance
Premium retention ratio	33.6%	32.1%	1.5%
Net loss ratio	62.4%	72.9%	-10.5%
Combined ratio	80.8%	89.0%	-8.2%
Expense ratio * (on net earned premium)	17.4%	18.9%	-1.5%
Expense ratio * (on gross written premium)	5.8%	6.5%	-0.7%
Return on Equity	15.4%	12.9%	2.5%

	31 Dec 2020	31 Dec 2019	Variance
Shareholder equity as a % of technical reserves	57.5%	54.0%	3.5%

* Excluding provision for doubtful debts

BUSINESS UPDATE

FULL-YEAR 2020 - NON-FINANCIAL UPDATES

PRODUCTS/SERVICES

- Launch of ADNIC Smart Life, a savings and protection plan for UAE residents
- Partnered with Sutherland Global Services, a leading digital transformation company, to support ADNIC's ongoing transformation journey and increase operational efficiency
- Expansion of brand proposition in Dubai and the Northern Emirates
- New CRM platform to enhance sales and service processes
- Pilot launch of Individual Life platform



AWARDS

- Awarded the most Innovative Insurance Product -Global Banking & Finance Awards
- Won the "UAE Insurer" category at the MENA Insurance Awards 2020 and 2021. The awards celebrate the achievements of insurers, reinsurers and brokers in the region
- Claimed the "Corporate Social Responsibility Award" at the Golden Shield Excellence Awards 2020 held at Insuretek Middle East



CSR

- AED 3 million donation to Ma'an Abu Dhabi's 'Together We Are Good' programme
- Renewed partnership with Al Bayt Mitwahid, the Mohammed Bin Rashid Al Maktoum Knowledge Foundation and Beit Al Khair Society
- Partnered with Emirates Down Syndrome Association to support its initiatives and activities for full season (2020 – 2021)
- Partnership with General Authority of Islamic Affairs and Endowments



OUTLOOK

OUTLOOK & PRIORITIES



MACRO

- Positive outlook due to an uptick in market activity and the continued customer preference for strong and reliable insurers during unprecedented times
- The overdue correction in reinsurance terms and premium rates will positively impact the market
- With the global COVID-19 pandemic likely to extend well into 2021, ADNIC will continue to give back to the community through a wide range of CSR initiatives
- With the UAE economy to grow 2.5% in 2021, and the rollout of vaccines across the emirates, a gradual recovery is expected this year



OPERATIONAL

- ADNIC's successful adaptation to the new normal has yielded operational efficiencies that leave it well placed in 2021
- Continued dynamic adjustment of distribution strategy in line with changing customer needs, including the acceleration of varied digital transformation journeys
- Leverage machine learning tools to continually enhance efficiency and the ability to combat fraud and abuse



PRODUCTS/SERVICES

- ADNIC will continue to respond to the increasing digital-first mindset of retail and SME customers through ongoing product and service innovation
- COVID-19 has significantly increased customer service expectations and reinforced the importance of getting it right first time
- Capability to insure and reinsure risks in over 70 countries will help to further diversify commercial lines book of business



APPENDIX – SUMMARY FINANCIAL INFORMATION

STATEMENT OF PROFIT OR LOSS

Full-year ended 31 December

	2020	2019
	AED 000's	AED 000's
Underwriting income		
Gross written premiums	4,012,193	3,755,680
Net written premiums	1,348,483	1,205,006
Net premiums earned	1,332,683	1,290,989
Gross underwriting income	1,377,726	1,376,248
Net claims paid	(921,403)	(1,027,011)
Net claims incurred	(831,370)	(941,184)
Net underwriting income	497,171	393,147
Income from investments	86,776	110,334
Income from investment properties (rental income), net	28,024	31,882
Total income	611,971	535,363
General and administrative expenses	(231,661)	(244,588)
Provision for doubtful debts	(9,263)	(6,525)
Tax Expenses	(51)	0
Profit for the period	370,996	284,250
Basic and diluted earnings per share (AED)	0.65	0.50

KEY PERFORMANCE INDICATORS BY SEGMENT

Full-year ended 31 December

Commercial (AED 000's)	2020	2019
Gross written premiums	2,426,273	2,144,769
Net premiums earned	386,557	358,732
Net claims incurred	(154,841)	(182,249)
Net commission and other underwriting expense	13,007	38,533
Net underwriting income	244,723	215,016
Premium retention rate	14.9%	15.7%
Consumer (AED 000's)	2020	2019
Gross written premiums	1,585,920	1,610,911
Net premiums earned	946,126	932,257
Net claims incurred	(676,529)	(758,935)
Net commission and other underwriting expense	(17,149)	4,809
Net underwriting income	252,448	178,131
Premium retention rate	62.3%	53.9%

AWARDS



**UAE Insurer of the Year
Award**



**Excellence in
Insurance Digitization**



**Best Call Centre of the Year
in the Insurance Sector**



**Mohammed Bin Rashid Al Maktoum
Business Excellence Award**



**Best Insurance
Provider of the Year**



**Corporate Social
Responsibility Award**



**Most Innovative Insurance
Product**



**Insurance Company of the Year –
Africa & Middle East**



THANK YOU

investorrelations@adnic.ae