



YOUR RELIABLE INSURER

## Management Discussion & Analysis

For the nine-month period ended  
30<sup>th</sup> September 2018

## Executive Summary

ADNIC has delivered strong performance in the first nine months of 2018. The results stand as testament to the company's continuous efforts to become the insurer of choice for customers, and its target to optimize return on investment for shareholders. We continue to be focused on driving further innovation across all areas of the business to grow our product and service range significantly.

ADNIC's leading performance across the business is driven by a successful strategy of revenue stream diversification across different insurance segments, new product development, a clear focus on underwriting quality, and greater business efficiency.

### **Gross Written Premium**

For the nine-month period ended September 30th 2018, Gross Written Premium increased by 12.2% to AED 2.23 billion compared to AED 1.98 billion for the same period in 2017.

### **Premium Retention**

The overall premium retention ratio reached 51.0% for the nine-month period ended September 30<sup>th</sup> 2018 compared to 46.5% for the same period in 2017.

### **Net Underwriting Income**

For the nine-month period ended September 30<sup>th</sup> 2018, Net Underwriting profit increased by 27.5% to AED 304.7 million, against Net Underwriting Profit of AED 239.0 million for the same period in 2017.

### **General and Administrative Expenses**

General and Administrative Expenses for nine-month period ended September 30<sup>th</sup> 2018 stood at AED 176.6 million compared to AED 148.7 million for the same period in 2017.

## **Executive Summary, *Continued***

### **Net Technical Profit**

Net Technical Profit for the nine-month period ended September 30<sup>th</sup> 2018 increased by 40.6% to AED 132.3 million, against Net Technical Profit of AED 94.1 million for the same period in 2017.

### **Net Investment Income**

Net Investment and Other Income increased by 2.8% to AED 90.7 million for the nine-month period ended September 30<sup>th</sup> 2018 compared to AED 88.2 million for the same period in 2017.

### **Net Profit**

For the nine-month period ended September 30<sup>th</sup> 2018, Net profit increased by 22.6% to AED 218.8 million, compared to net profit of AED 178.5 million for the same period in 2017.

### **Total Comprehensive Income**

Total comprehensive income for the nine-month period ended September 30<sup>th</sup> 2018 increased by 7.7% to AED 232.6 million, against a total comprehensive income of AED 216.0 million for the same period in 2017.

### **Basic and Diluted Earnings Per Share**

Basic and diluted earnings per share increased by 25.8% to AED 0.39 for the nine-month period ended 30<sup>th</sup> September 2018 compared to basic and diluted earnings per share of AED 0.31 for the same period last year.

## Executive Summary, Continued

### Cash Balances

ADNIC's cash balances increased by 41.8% to AED 1,000.2 million as at 30<sup>th</sup> September 2018, compared to AED 705.4 million as at December 31<sup>st</sup> 2017.

### Investments

Total investments including cash in time deposits, bank accounts and investment properties increased by 14.4% to AED 3.88 billion as at 30<sup>th</sup> September 2018, compared to AED 3.39 billion as at December 31<sup>st</sup> 2017.

### Total Assets

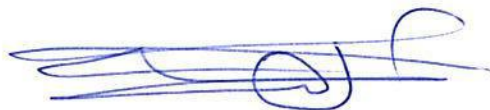
Total assets increased by 9.3% to AED 7.32 billion as at 30<sup>th</sup> September 2018, compared to AED 6.70 billion as at December 31<sup>st</sup> 2017.

### Gross Technical Reserves

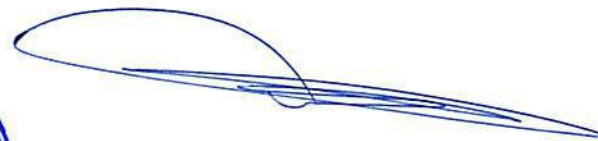
Gross Technical Reserves increased by 3.9% to AED 4.04 billion as at 30<sup>th</sup> September 2018, compared to AED 3.88 billion as at December 31<sup>st</sup> 2017.

### Shareholders' Equity

Shareholders' Equity position increased by 7.0% AED 2.11 billion as at 30<sup>th</sup> September 2018, compared to AED 1.98 billion as at December 31<sup>st</sup> 2017.



**Alaa Fares**  
*Executive Vice President - Finance*



**Ahmad Idris**  
*Chief Executive Officer*

# Premiums

## Gross Written Premium in AED m

2018  
2,226.0m

+12.2%

2017  
1,983.2m

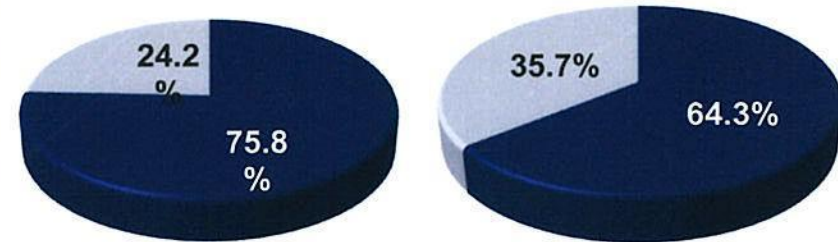


## Net Written Premium in AED m

2018  
1,134.3m

+23.1%

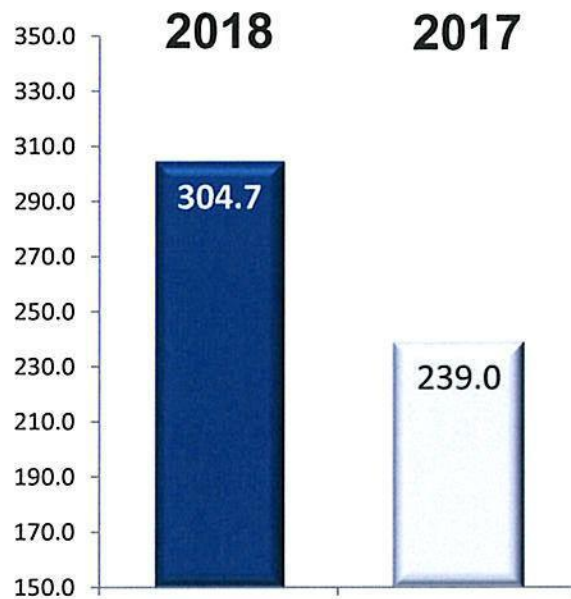
2017  
921.2m



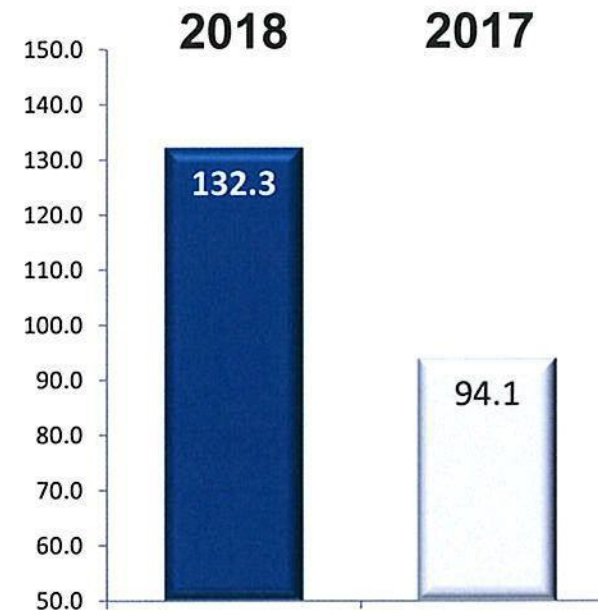
Premium Retention Ratio	2018	2017
Commercial Lines	25.0%	32.8%
Consumer Lines	76.2%	60.3%
Total Company	51.0%	46.5%

# Operating Performance

## Net Underwriting Results in AED m



## Net Technical Profit in AED m



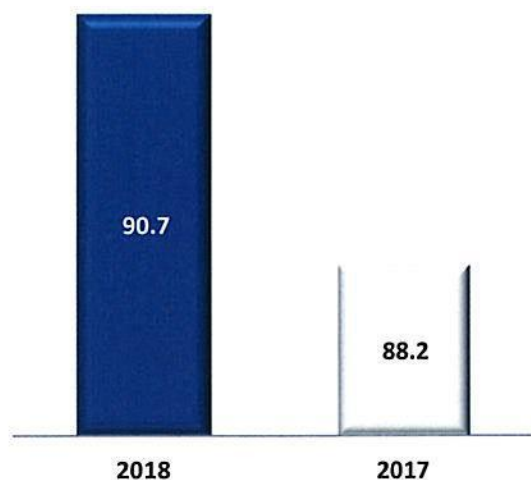
KPIs	2018	2017
Net loss ratio	70.1%	65.7%
Combined ratio	88.0%	87.5%

# Prudent Investment Strategy

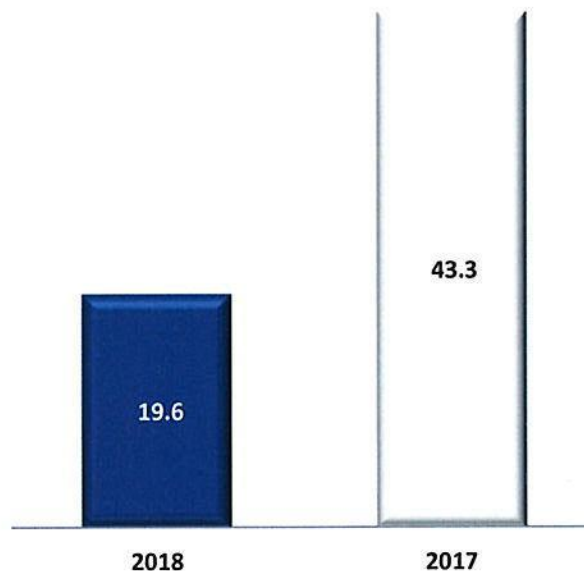
## INVESTMENT INCOME (AED m)



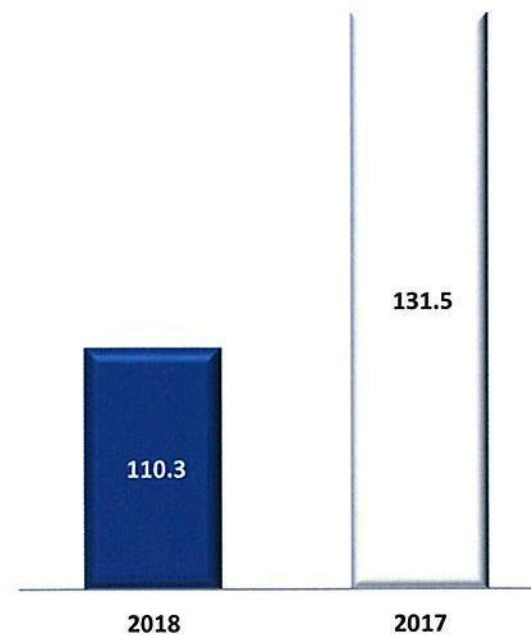
Investment Income  
through Profit and  
Loss Account



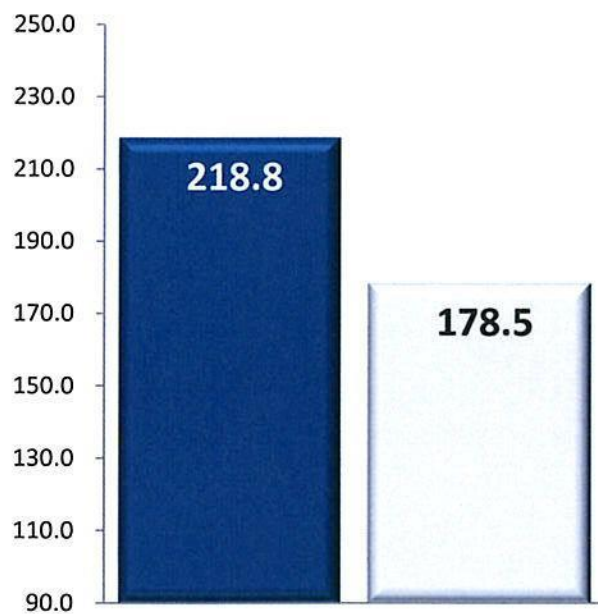
Investment Income  
through Other  
Comprehensive Income



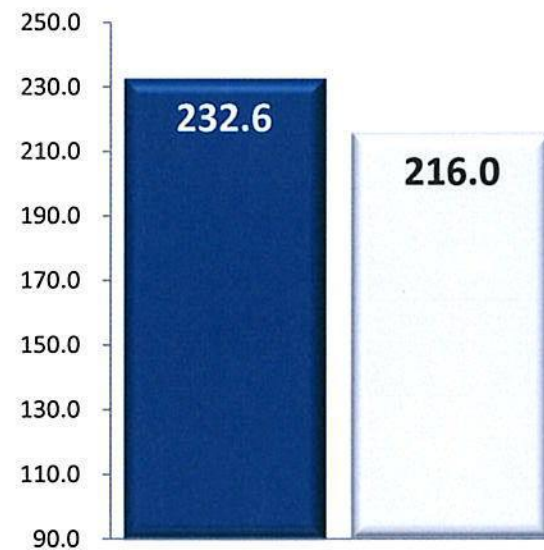
Total Investment  
Income



## Net Profit (AED m)

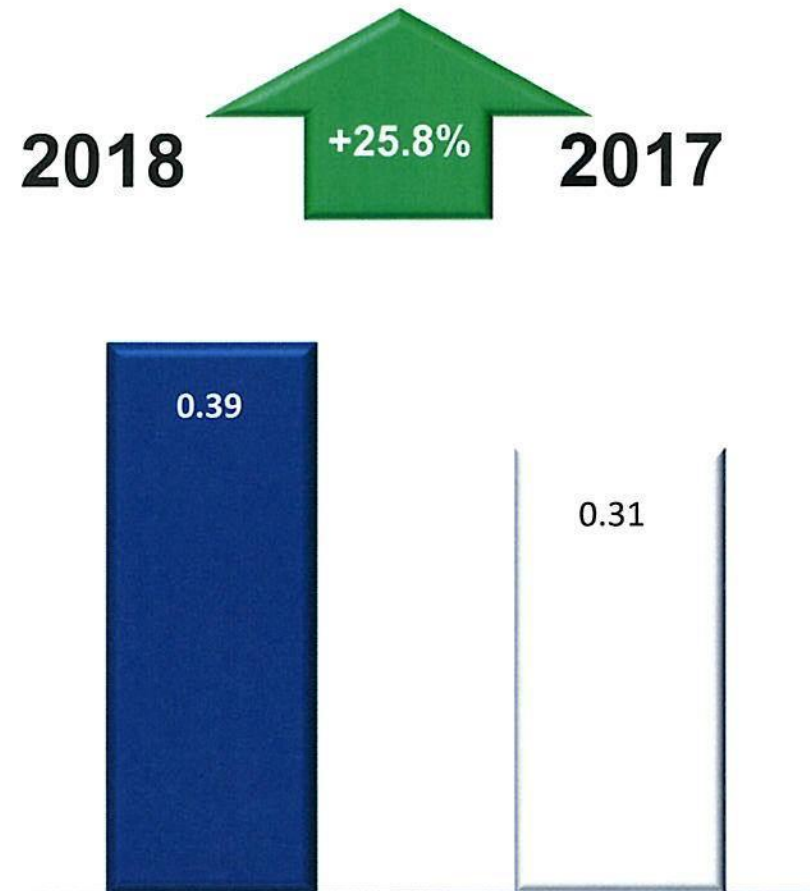


## Total Comprehensive Income (AED m)





## Earnings per share (AED)

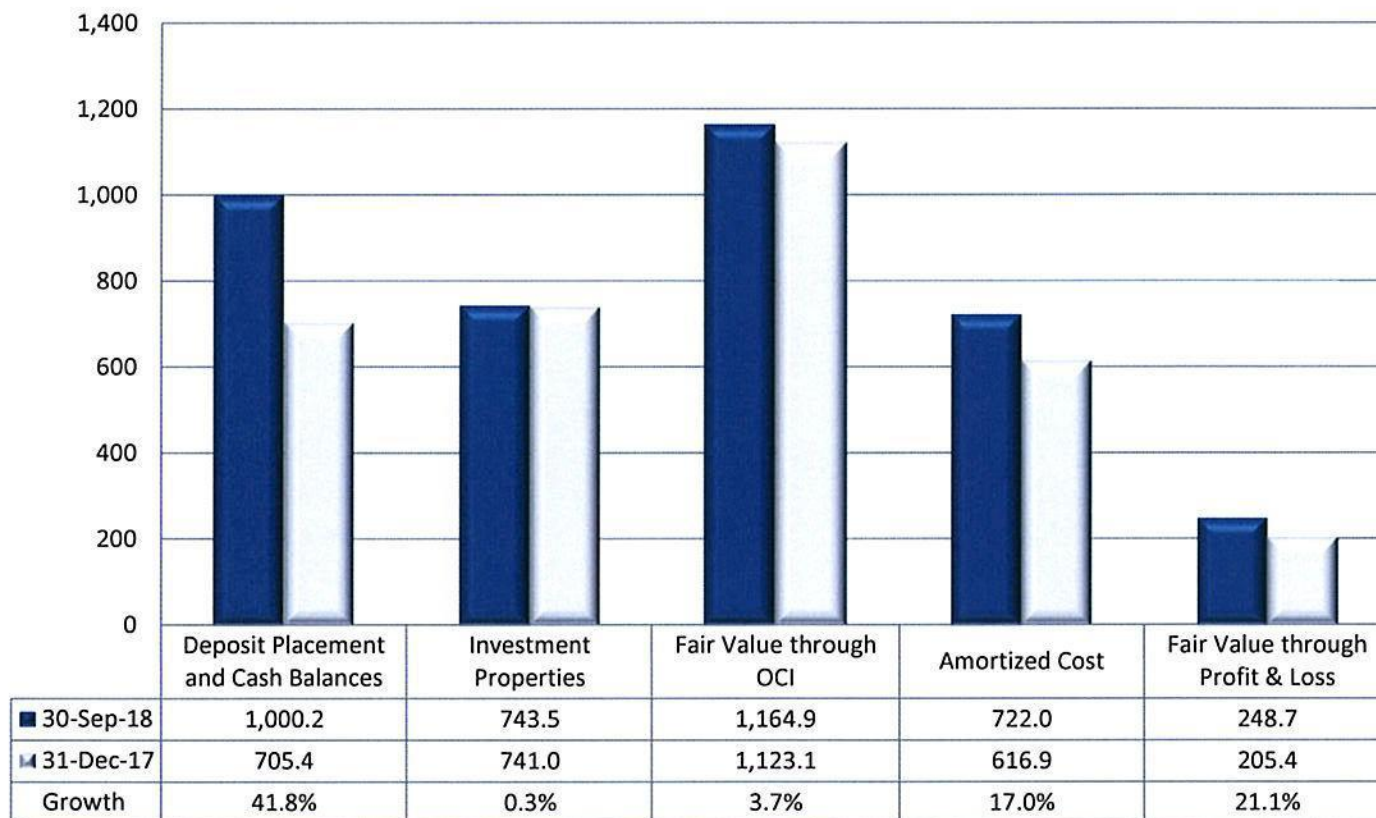


# Prudent Investment Strategy

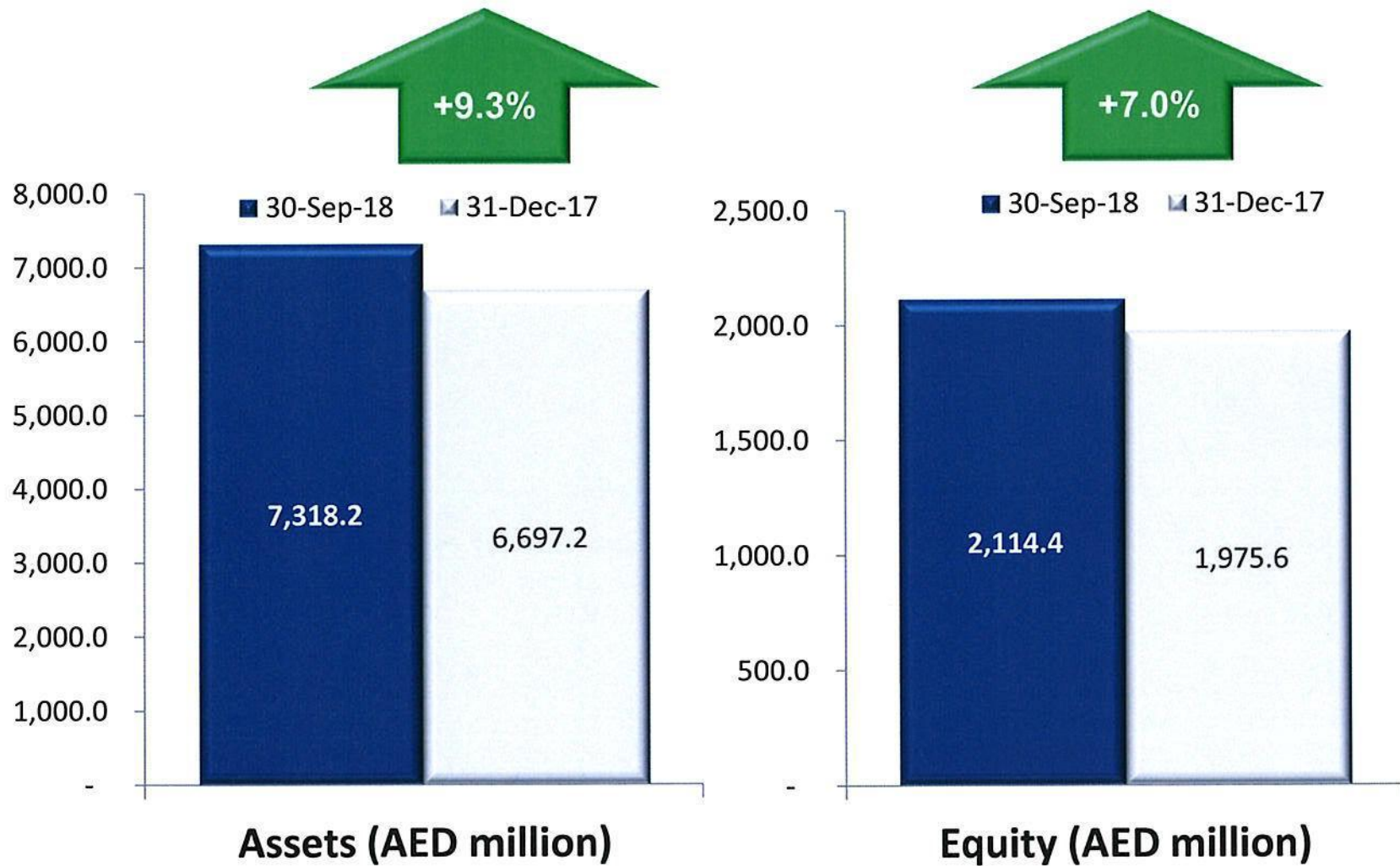
## INVESTMENT ASSETS (AED m)

30 Sep 2018 AED 3,879.3 m

31 Dec 2017 AED 3,391.8 m



# Financial Strength and Capitalization



# Disclaimer

This document could contain forward-looking statements about Abu Dhabi National Insurance Company.

Such forward looking statements are based upon the current belief and expectations of ADNIC's management and are subject to risks and uncertainties, which could cause actual results to differ from the forward looking statements.

Any information that is set out in document should be considered in light of these risks.