



Management Discussion & Analysis  
For the year ended 31<sup>st</sup> December 2017

# Executive Summary

ADNIC has reported throughout the year 2017 strong underwriting results and profitability. ADNIC's positive full year results reflect the successful delivery of the company's strategy.

Despite a challenging business environment, ADNIC's Board of Directors, as well as the management team, remain committed to driving standards of excellence and delivering growing returns to the shareholder. Our priority is to ensure that ADNIC is positioned amongst the regional market leaders by leveraging on our innovative capabilities and differentiated offering.

## **Gross Written Premium**

For the year 2017, ADNIC's Gross Written Premium increased by 11.3% to AED 2.64 billion compared to AED 2.38 billion last year.

## **Premium Retention**

The overall premium retention ratio reached 47% for the year 2017 compared to 44 % for 2016.

## **Net Underwriting Income**

For the year 2017, ADNIC Net Underwriting profit is AED 304.0 million, against a Net Underwriting Profit of AED 342.6 million for 2016.

## **General and Administrative Expenses**

General and Administrative Expenses for 2017 stood at AED 191.0 million compared to AED 239.9 million for 2016.

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

### **Net Technical Profit**

Net Technical Profit for the year 2017 increased by 9.9% to AED 118.4 million, against a Net Technical Profit of AED 107.7 million for 2016.

### **Net Investment Income**

ADNIC's Net Investment and Other Income increased by 12% to AED 114.2 million for 2017 compared to AED 102.4 million for 2016.

### **Net Profit**

For the year 2017, Net profit increased by 11% to AED 227.3 million, compared to a net profit of AED 205.0 million for 2016.

### **Total Comprehensive Income**

Total comprehensive income for the year 2017 increased by 22.0% to AED 266.4 million, against a total comprehensive income of AED 218.3 million for 2016.

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

Basic and diluted earnings per share increased by 11% to AED 0.40 for the year 2017 compared to basic and diluted earnings per share of AED 0.36 for the last year.

## Executive Summary, *Continued*

### Cash Balances

ADNIC's cash balances stood at AED 705.4 million as at December 31st 2017, compared to AED 1.03 billion as at December 31st 2016. This is on account of reallocation to other asset classes as per ADNIC's asset allocation framework.

### Investments

Total investments including cash in time deposits, bank accounts and investment properties increased by 8.0% to AED 3.39 billion as at December 31st 2017, compared to AED 3.14 billion as at December 31st 2016.

### Total Assets

The total assets increased by 3.2% to AED 6.70 billion as at December 31st 2017, compared to AED 6.49 billion as at December 31st 2016.

### Gross Technical Reserves

The Gross Technical Reserves increased by 5.5% to AED 3.88 billion as at December 31st 2017, compared to AED 3.68 billion as at December 31st 2016.

### Shareholders' Equity

The Shareholders' Equity position increased by 11.9% to AED 1.98 billion as at December 31st 2017, compared to AED 1.77 billion as at December 31st 2016.

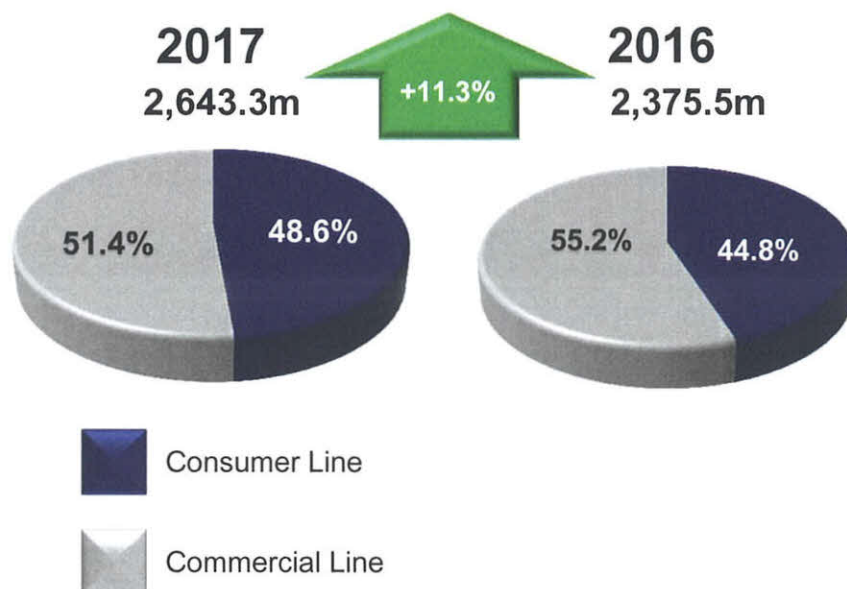
  
**Alaa Fares**  
*Executive Vice President - Finance*



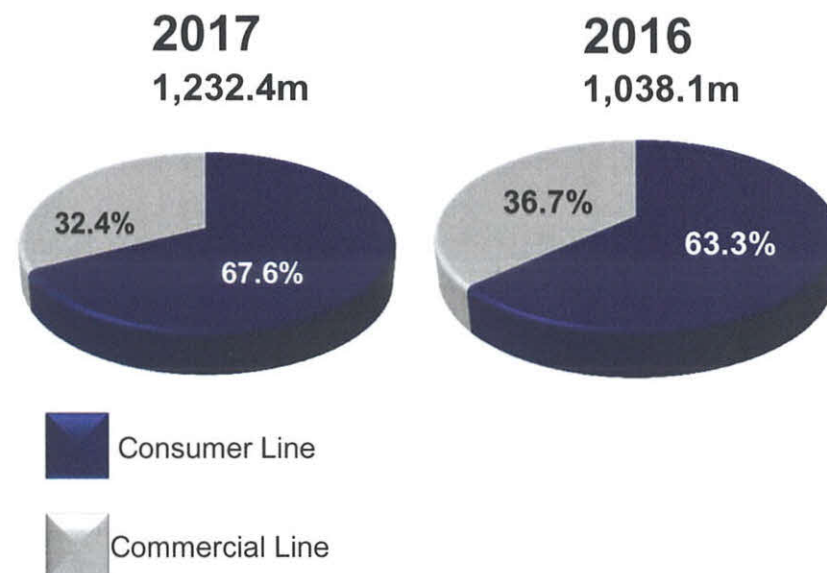
  
**Ahmad Idris**  
*Chief Executive Officer*

# Premiums

## Gross Written Premium in AED m



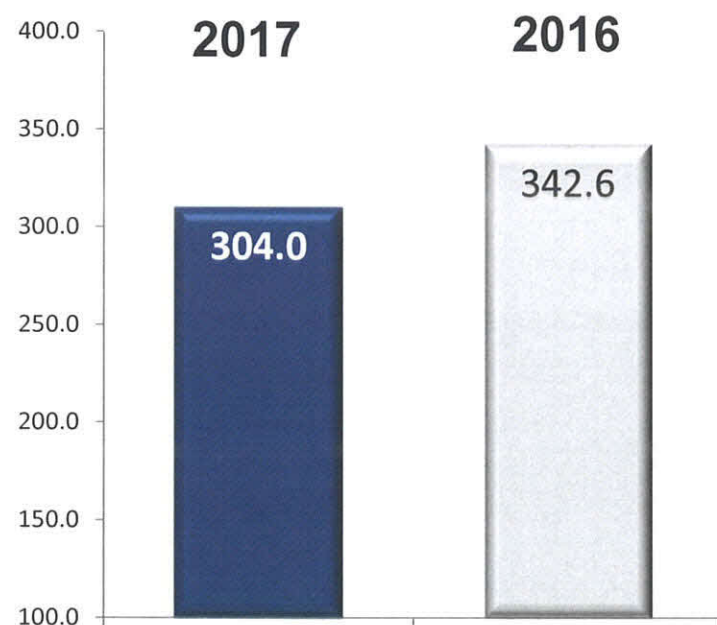
## Net Written Premium in AED m



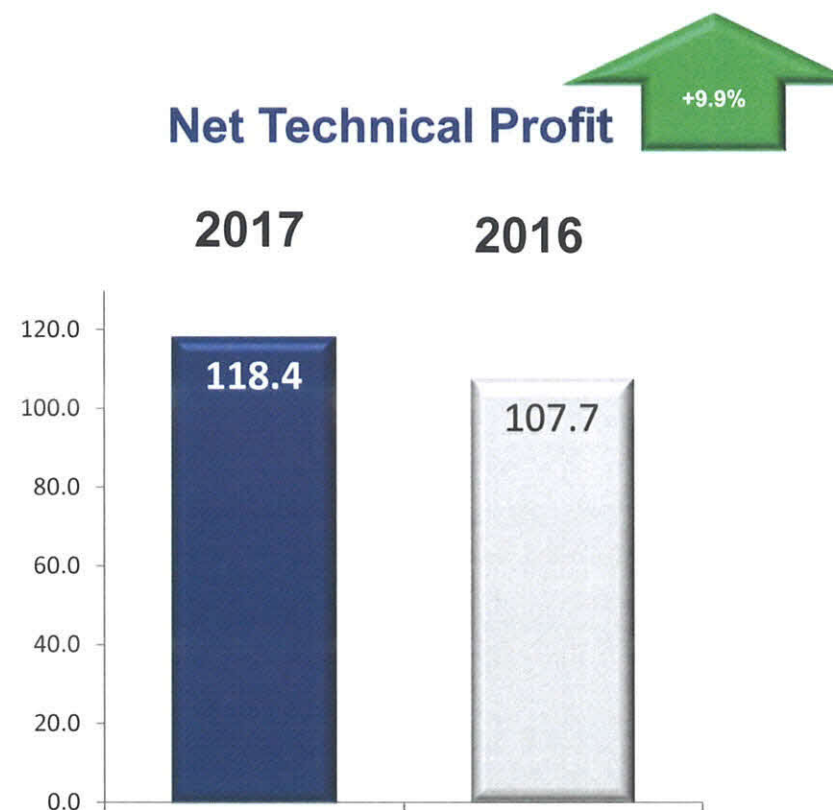
Premium Retention Ratio	2017	2016
Commercial Lines	29.4%	29.0%
Consumer Lines	64.9%	61.8%
Total Company	46.6%	43.7%

# Operating Performance

## Net Underwriting Results



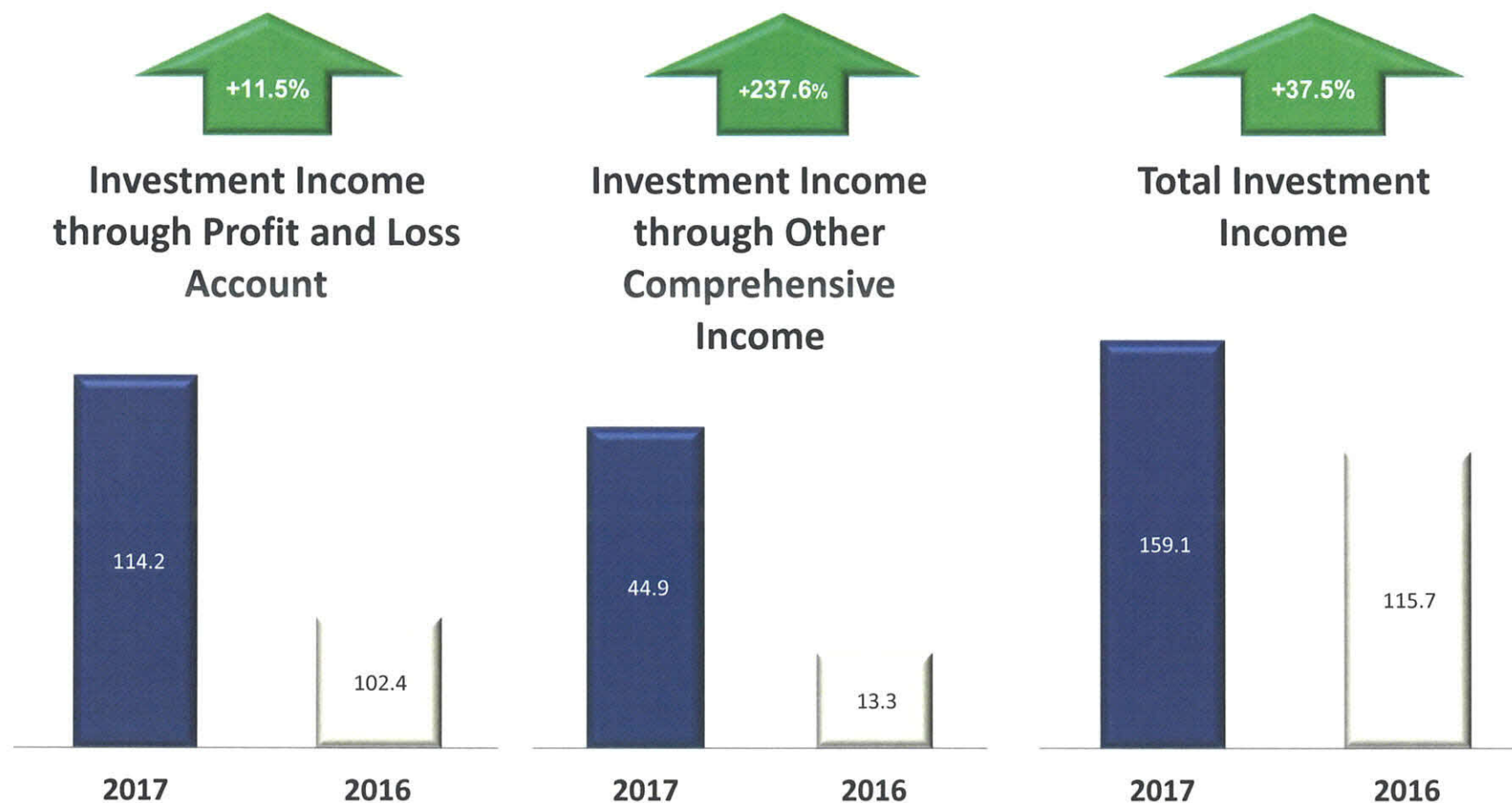
## Net Technical Profit



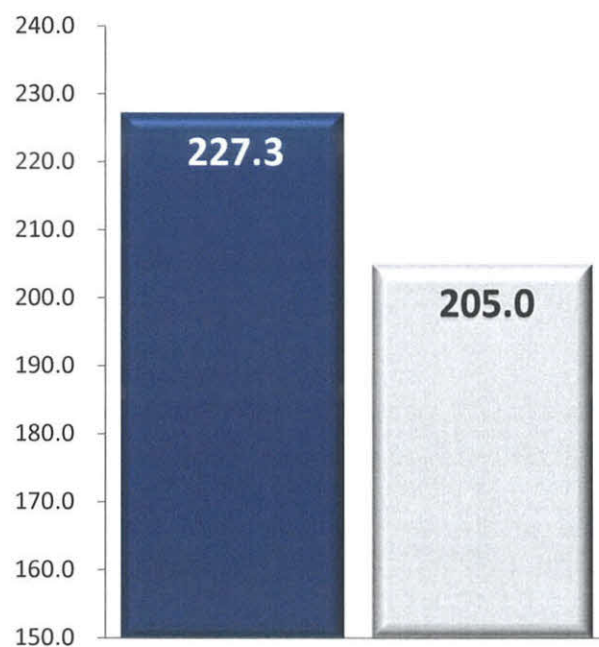
KPIs	2017	2016
Net loss ratio	68.0%	65.2%
Combined ratio	88.6%	90.1%

# Prudent Investment Strategy

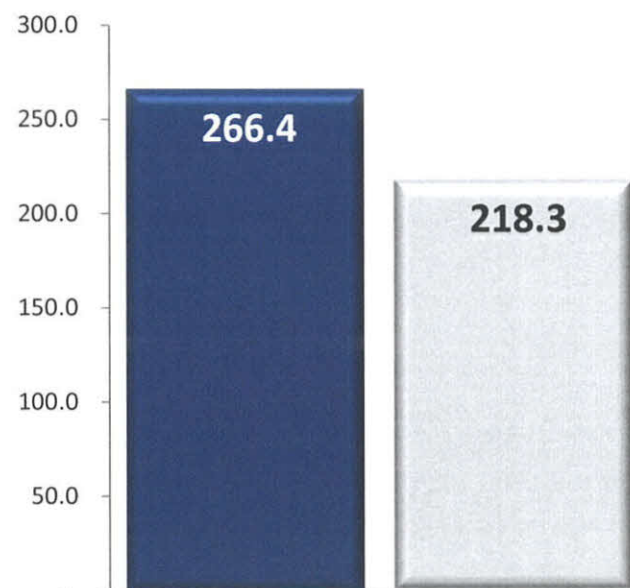
## INVESTMENT INCOME (AED m)



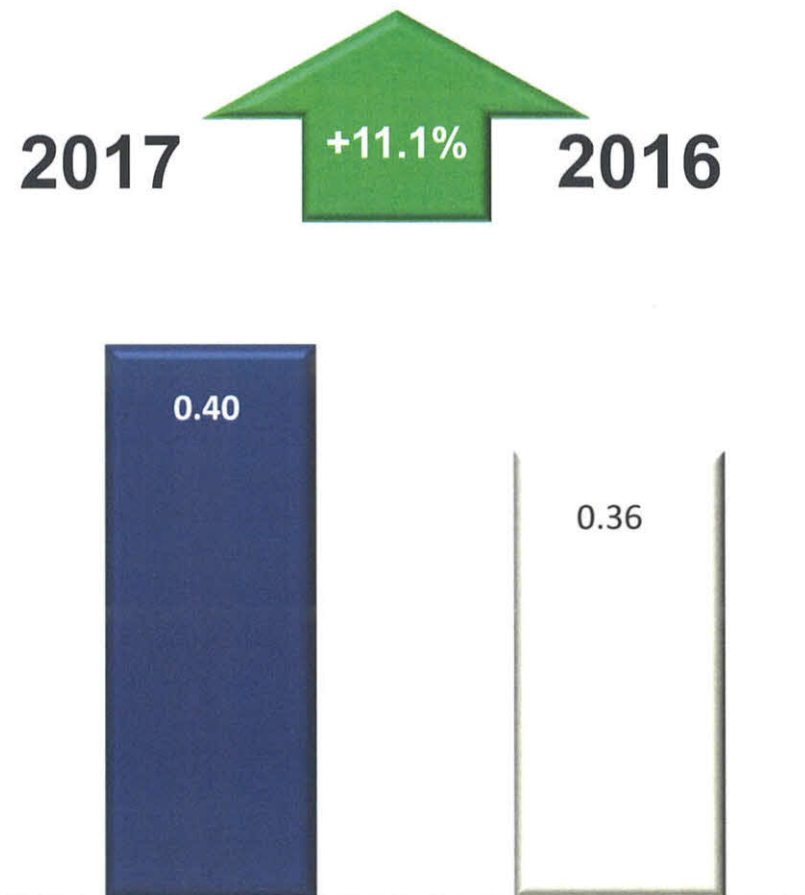
## Net Profit (AED m)



## Total Comprehensive Income (AED m)



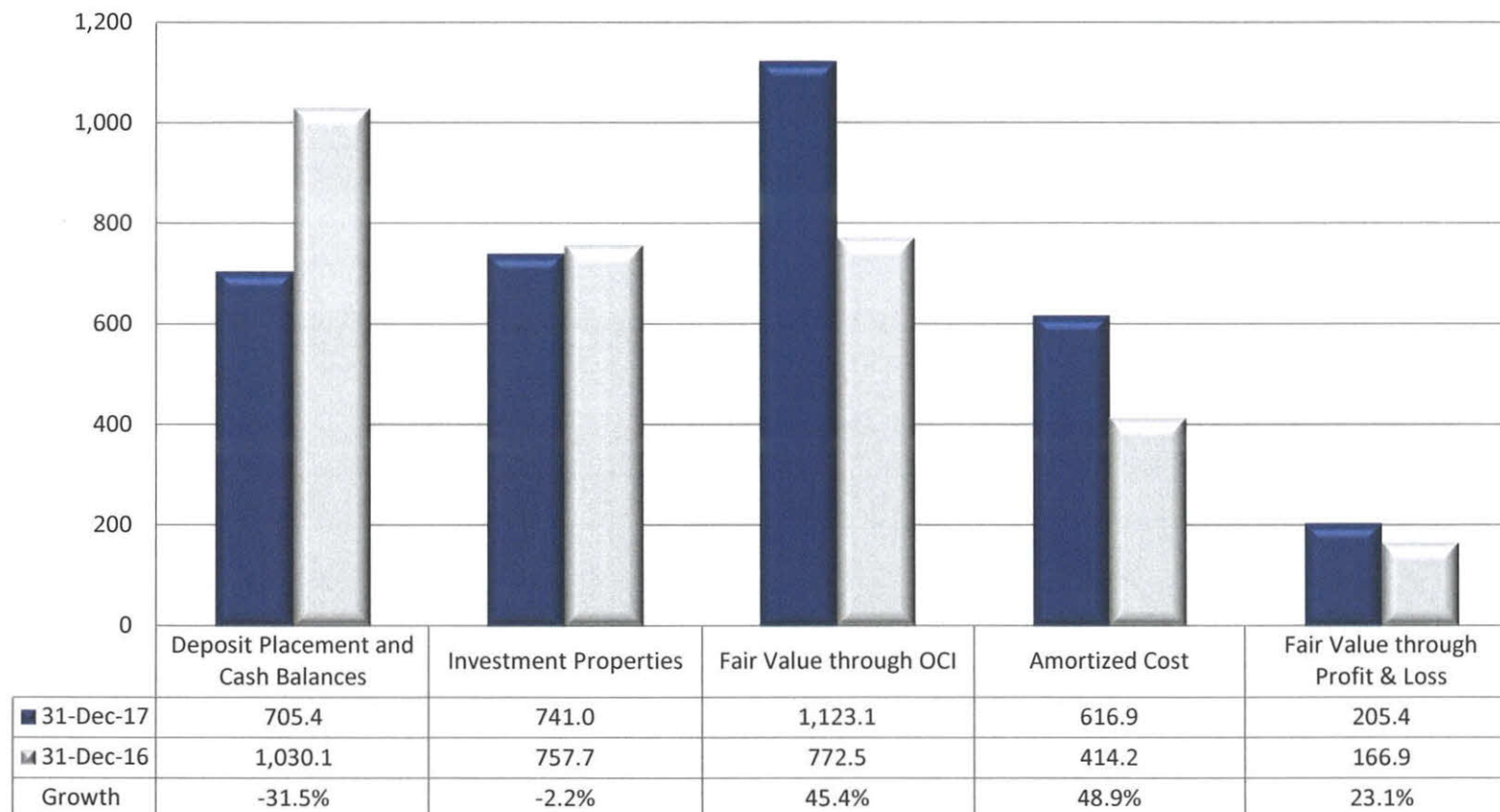
## Earnings per share (AED)



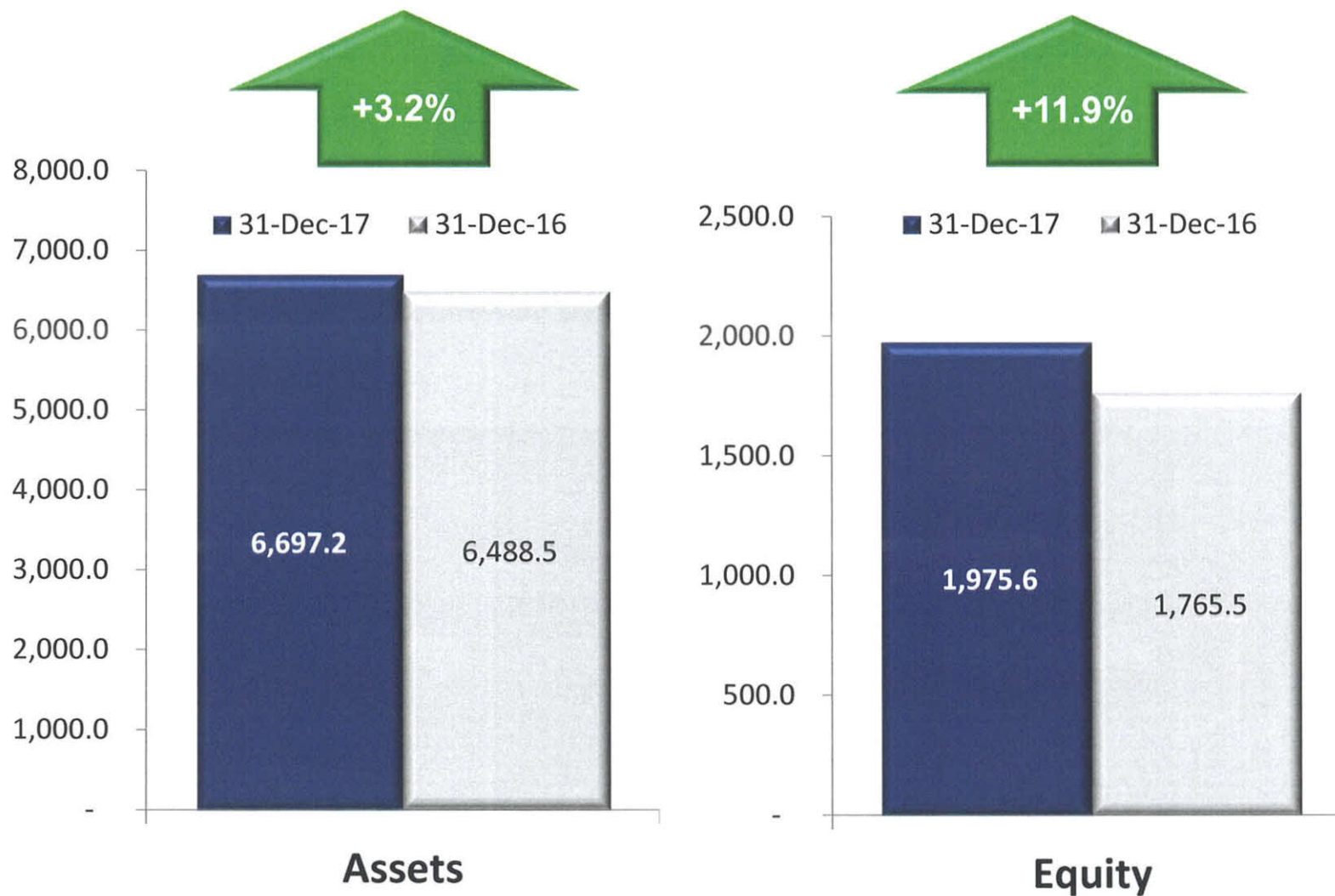
# Prudent Investment Strategy

## INVESTMENT ASSETS (AED m)

31 Dec 2017 AED 3,391.8 m  
31 Dec 2016 AED 3,141.4 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.