



شركة الوثبة الوطنية للتأمين ش.م.ع.
AL WATHBA NATIONAL INSURANCE CO. PJSC

Board of Directors' Report on the Company Business **For the Period Ended 31 December 2019**

The Board of Directors of Al Wathba National Insurance Company (the "Company") is pleased to submit its annual report of the Company's activities accompanied by the audited financial statements for the period ended 31 December 2019.

The United Arab Emirates' overall economic performance during the year 2019 remains positive reflecting the activities of various sectors which brought about a 2.9% real GDP growth and decreased inflation rates for the third consecutive year proving the effectiveness of the financial and economic policies formulated by the country's leadership which aims for a sustainable and diversified economy which capitalizes on global economic partnerships.

Notable factors that influenced this performance include the flexible economic diversification model adopted by the government which led to the development in key sectors such as tourism, air transport, trade, financial services, manufacturing and alternative energy in addition to strengthened partnerships between the public and private sectors.

Despite these positive conditions, a state of caution dominated the financial markets during the year where UAE stocks have been moving in a narrow zone as reflected in trading volumes and consequently the performance of stocks and investments.

For the insurance sector, it is worthwhile mentioning the Insurance Authority's role in supervising and controlling the sector in order to ensure the provision of a favorable climate for the development and promotion of the UAE insurance industry which today is ranked as the largest in the Gulf region.

However, despite the size of UAE insurance market; and with its large number of insurance and brokerage companies combined, the sector exhibited declining profitability rates nevertheless; Al Wathba National Insurance Company continued to achieve positive results in the insurance business, where it announced net underwriting profits amounting to AED 33,462 thousand dirhams for the year 2019 compared to AED 32,637 thousand, with a growth rate of 2.5%.

It is worth noting that the Insurance Authority has honored Al Wathba National Insurance Company for Excellence in Digital Transformation and Smart Services for the use of technology and development in completing its transactions through electronic channels which has played a major role in the manner of servicing its customers.



As for the final results; the company recorded net profits of 5,967 thousand dirhams which was hugely affected by the returns on investments where equity investments experienced a slowdown due to the movement of financial markets as well as the decline in real estate investments that is currently undergoing a period of stalemate attributed to the over-availability of supply and competitive rents especially from residential units, which in turn was reflected in the expected returns.

It is also worthwhile mentioning that the company has been reaffirmed a rating of BBB- (Outlook Stable) by S&P Global Ratings which reflects confidence in the company's performance and direction.

Going Concern Basis

The Board of Directors has reasonable expectation that the Company has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2019.

Transactions with Related Parties

The financial statements disclose related party transactions and balances which are disclosed in in note 20 All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Finally, the Board of Directors seizes this opportunity to express its highest thanks and appreciation to H.H Shiekh Khalifa Bin Zayed Al Nahyan, President of UAE and Ruler of Abu Dhabi and H.H Shiekh Mohamed Bin Rashid Al Maktoum, the Vice President , Prime Minister and the ruler of Dubai and H.H Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince and to all the rulers of the Emirates for their steadfast support for the progress of this country, all its economic institutions and Al Wathba National Insurance Company.

The Board of Directors likewise extends its appreciation and gratitude to all the company's shareholders and customers for their trust and continued support, and to all staff for their dedication and contribution to the company's performance during the last period.

Member of the Board of Directors