

# **Al Wathba National Insurance Company P.J.S.C.**

Condensed interim financial information

**31 March 2020**

**Principal business address:**

Al Wathba National Insurance Company P.J.S.C.  
P.O. Box: 45154  
Abu Dhabi  
UAE

# **Al Wathba National Insurance Company P.J.S.C.**

## **Condensed interim financial information**

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## Board of Directors' Report on the Company Business For the Period Ended 31 March 2020

The Board of Directors of Al Wathba National Insurance Company (the "Company") is pleased to submit the quarterly report of the Company's activities accompanied by the financial statements reviewed by the external auditors for the period ended 31 March 2020.

The year 2020 has begun with a set of events that were destined to constitute an important axis in the history, with its fingerprints on mankind, and its profound economic impact on all levels.

The COVID 19 has led to a pandemic that has spread throughout the world and directly affected humans and the aspects of life in all its forms, and thus its direct impact on economic aspects as a result of the complete closure of all aspects of life.

This matter has caused an impact on the region in general and the UAE in particular, in a form of financial economic crisis in all sectors, including insurance sector.

In spite of all of that, and during the period of the first quarter of year 2020, Al Wathba National Insurance Company has achieved remarkable growth in total premiums to reach 115.6 million dirhams, with a growth rate of 26% and the net written premiums amounted to 80 million dirhams.

The company has achieved a net insurance profit of 16.8 million dirhams, compared to 11.5 million dirhams for the same period of 2019.

It is also worth noting that due to the decline in financial markets, the company has liquidated part of its investment portfolio in order to provide sufficient liquidity, and the decrease in stock prices led to incurring investment losses, which led to a net loss of 72.8 million dirhams.

المصرح به (٢٠٧) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين و تنظيم أعماله و مقيدة بسجل شركات التأمين الرقم (١٠)

المكتب الرئيسي: ص.ب. : ٤٥١٥٤ ، أبوظبي ، أ.ع.م. ، هاتف : ٤١٨٥٣٠٠ (٢) +٩٧١ ، فاكس : ٦٧٧٦٦٢٨ (٢) +٩٧١

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This exceptional situation with its impact on all economic facilities is expected to continue for a period to come and until these economic facilities are able to return to their previous operating forces, to return the economic wheel to its natural cycle.

Until then, Al Wathba National Insurance Company will continue to focus on its core business which is insurance and deal cautiously with financial markets to ensure the company continues to carry out its business in the most appropriate form and service to its customers in the way it has been entrusted with.

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.

**Shk. Saif Bin Mohammed Bin Butti Al Hamed**  
Chairman





KPMG Lower Gulf Limited  
Level 19, Nation Tower 2  
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## **Independent Auditors' Report**

To the Shareholders of Al Wathba National Insurance Company P.J.S.C.

### **Report on Review of Condensed Interim Financial Information**

#### *Introduction*

We have reviewed the accompanying 31 March 2020 condensed interim financial information of Al Wathba National Insurance Company P.J.S.C. (the "Company"), which comprises:

- the condensed interim statement of financial position as at 31 March 2020;
- the condensed interim statement of profit or loss for the three-month period ended 31 March 2020;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2020;
- the condensed interim statement of changes in shareholders' equity for the three-month period ended 31 March 2020;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2020; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2020 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

KPMG Lower Gulf Limited

A handwritten signature in blue ink, appearing to read 'Saif Fayeze Shawer', written over a horizontal line.

Saif Fayeze Shawer  
Registration No: 1131  
Abu Dhabi, United Arab Emirates  
Date: 30 June 2020

# Al Wathba National Insurance Company P.J.S.C.

## Condensed interim statement of financial position

as at

|                                                                   |      | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|-------------------------------------------------------------------|------|--------------------------------------------|---------------------------------------------|
|                                                                   | Note |                                            |                                             |
| <b>Assets</b>                                                     |      |                                            |                                             |
| Property and equipment                                            |      | 5,386                                      | 5,282                                       |
| Investment in associates                                          |      | 92,076                                     | 107,595                                     |
| Financial assets at amortised cost                                | 5    | 14,170                                     | 14,368                                      |
| Financial assets at fair value through other comprehensive income | 6    | 251,061                                    | 346,585                                     |
| Financial assets at fair value through profit or loss             | 7    | 323,055                                    | 424,537                                     |
| Investment properties                                             |      | 316,863                                    | 316,863                                     |
| Insurance balance receivables                                     | 8    | 81,217                                     | 49,059                                      |
| Statutory deposits                                                | 10   | 6,000                                      | 6,000                                       |
| Reinsurers' share of unearned premiums reserve                    | 9    | 43,653                                     | 28,002                                      |
| Reinsurers' share of outstanding claims reserve                   | 9    | 133,411                                    | 118,302                                     |
| Reinsurers' share of claims incurred but not reported reserve     | 9    | 9,732                                      | 9,977                                       |
| Other receivables and prepayments                                 | 8    | 61,154                                     | 8,248                                       |
| Term deposits                                                     | 10   | 89,665                                     | 91,544                                      |
| Bank balances and cash                                            | 10   | 76,763                                     | 43,206                                      |
| <b>Total assets</b>                                               |      | <b>1,504,206</b>                           | <b>1,569,568</b>                            |
| <b>Equity and liabilities</b>                                     |      |                                            |                                             |
| <b>Equity</b>                                                     |      |                                            |                                             |
| Share capital                                                     | 11   | 207,000                                    | 207,000                                     |
| Legal reserve                                                     |      | 103,500                                    | 103,500                                     |
| Statutory reserve                                                 |      | 51,750                                     | 51,750                                      |
| General reserve                                                   |      | 88,753                                     | 88,753                                      |
| Capital reserve                                                   |      | 9,959                                      | 9,959                                       |
| Fair value reserve                                                |      | (189,178)                                  | (95,122)                                    |
| Cash flow hedge reserve                                           |      | (5,023)                                    | -                                           |
| Retained earnings                                                 |      | 321,990                                    | 400,019                                     |
| <b>Total equity</b>                                               |      | <b>588,751</b>                             | <b>765,859</b>                              |
| <b>Technical reserves</b>                                         |      |                                            |                                             |
| Unearned premiums reserve                                         | 9    | 170,739                                    | 119,545                                     |
| Claims outstanding reserve                                        | 9    | 181,717                                    | 171,815                                     |
| Claims incurred but not reported reserve                          | 9    | 36,382                                     | 36,177                                      |
| Unallocated loss adjustment expenses reserve                      | 9    | 4,528                                      | 4,373                                       |
| Unexpired risk reserve                                            | 9    | 1,482                                      | 2,494                                       |
| <b>Total technical reserves</b>                                   |      | <b>394,848</b>                             | <b>334,404</b>                              |
| <b>Liabilities</b>                                                |      |                                            |                                             |
| Borrowings                                                        | 12   | 379,122                                    | -                                           |
| Employees' end of service benefits                                |      | 7,166                                      | 7,316                                       |
| Derivative financial instruments                                  | 13   | 5,023                                      | -                                           |
| Trade and other payables                                          |      | 107,758                                    | 75,370                                      |
| Bank overdrafts                                                   | 10   | 21,538                                     | 386,619                                     |
|                                                                   |      | <b>520,607</b>                             | <b>469,305</b>                              |
| <b>Total liabilities</b>                                          |      | <b>915,455</b>                             | <b>803,709</b>                              |
| <b>Total equity and liabilities</b>                               |      | <b>1,504,206</b>                           | <b>1,569,568</b>                            |

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

  
H.E. Shk. Saif Bin Mohammed Bin Butti Al Hamed  
Chairman

  
Bassam Chilmeran  
Chief Executive Officer

  
Murali Krishnan  
Chief Financial Officer

The notes set out on pages 10 to 23 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

# Al Wathba National Insurance Company P.J.S.C.

## Condensed interim statement of profit or loss for the three-month period ended 31 March (Unaudited)

|                                                                      | Note | 2020<br>AED'000 | 2019<br>AED'000 |
|----------------------------------------------------------------------|------|-----------------|-----------------|
| Gross premiums written                                               |      | 115,591         | 91,381          |
| Reinsurance share of gross premiums written                          |      | (35,648)        | (37,001)        |
| <b>Net premiums</b>                                                  |      | <b>79,943</b>   | <b>54,380</b>   |
| Net transfer to unearned premiums reserve                            |      | (35,543)        | (10,085)        |
| <b>Net premiums earned</b>                                           |      | <b>44,400</b>   | <b>44,295</b>   |
| Reinsurance commissions earned                                       |      | 10,229          | 14,069          |
| Acquisition costs of insurance contracts                             |      | (9,053)         | (10,923)        |
| <b>Gross underwriting income</b>                                     |      | <b>45,576</b>   | <b>47,441</b>   |
| Gross claims paid                                                    |      | (29,264)        | (30,167)        |
| Reinsurance share of gross claims paid                               |      | 5,647           | 6,012           |
| <b>Net claims paid</b>                                               |      | <b>(23,617)</b> | <b>(24,155)</b> |
| Change in gross outstanding claims reverse                           |      | (9,902)         | (5,158)         |
| Change in reinsurers' share of outstanding claims reserve            |      | 15,109          | 2,834           |
| Net change in incurred but not reported claims reserve               |      | (450)           | (126)           |
| Change in allocated and unallocated loss adjustment expenses reserve |      | (155)           | (65)            |
| Change in unexpired risk reserve                                     |      | 1,012           | -               |
| <b>Net claims incurred</b>                                           |      | <b>(18,003)</b> | <b>(26,670)</b> |
| <b>Underwriting income</b>                                           |      | <b>27,573</b>   | <b>20,771</b>   |
| Expenses relating to underwriting                                    |      | (10,691)        | (9,220)         |
| <b>Net underwriting income</b>                                       |      | <b>16,882</b>   | <b>11,551</b>   |
| Investment (loss) / income, net                                      | 14   | (78,120)        | 4,605           |
| Net income from investment properties - rental income                |      | 1,439           | 1,793           |
| Income from hedging                                                  |      | 97              | -               |
| Share of (loss) / profit from associates                             |      | (7,992)         | 1,126           |
| <b>Total (loss) / income</b>                                         |      | <b>(67,694)</b> | <b>19,075</b>   |
| Other expenses                                                       |      | (1,080)         | (1,099)         |
| Finance costs                                                        |      | (4,075)         | (3,914)         |
| <b>(Loss) / profit for the period</b>                                |      | <b>(72,849)</b> | <b>14,062</b>   |
| Basic and diluted (loss) / earnings per share                        | 15   | (0.35)          | 0.07            |

The notes set out on pages 10 to 23 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

# Al Wathba National Insurance Company P.J.S.C.

Condensed interim statement of profit or loss and other comprehensive income  
for the three-month period ended 31 March (Unaudited)

|                                                                                                   | Note | 2020<br>AED'000  | 2019<br>AED'000 |
|---------------------------------------------------------------------------------------------------|------|------------------|-----------------|
| <b>(Loss) / profit for the period</b>                                                             |      | <b>(72,849)</b>  | 14,062          |
| <i>Items that will not be reclassified to statement of profit or loss in subsequent periods</i>   |      |                  |                 |
| Share of other comprehensive (loss) / income of associates                                        |      | <b>(7,543)</b>   | 342             |
| Gain on sale of equity investments carried at fair value through other comprehensive income       |      | <b>1,188</b>     | 723             |
| Change in fair value of financial assets carried at fair value through other comprehensive income | 6    | <b>(92,881)</b>  | (7,835)         |
| <i>Items that are or may be reclassified to statement of profit or loss in subsequent periods</i> |      |                  |                 |
| Cash flow hedges – effective portion of changes in fair value                                     |      | <b>(5,023)</b>   | -               |
| <b>Other comprehensive loss for the period</b>                                                    |      | <b>(104,259)</b> | (6,770)         |
| <b>Total comprehensive (loss) / income for the period</b>                                         |      | <b>(177,108)</b> | 7,292           |

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# Al Wathba National Insurance Company P.J.S.C.

## Condensed interim statement of changes in shareholder's equity for the three-month period ended 31 March (Unaudited)

|                                                                           | Share<br>capital<br>AED'000 | Legal<br>reserve<br>AED'000 | Statutory<br>reserve<br>AED'000 | General<br>reserve<br>AED'000 | Capital<br>reserve<br>AED'000 | Fair value<br>reserve<br>AED'000 | Cash flow<br>hedge reserve<br>AED'000 | Retained<br>earnings<br>AED'000 | Equity<br>attributable<br>to equity<br>holders of<br>the Company<br>AED'000 | Non-<br>controlling<br>interests<br>AED'000 | Total<br>equity<br>AED'000 |
|---------------------------------------------------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------------------|---------------------------------|-----------------------------------------------------------------------------|---------------------------------------------|----------------------------|
| Balance at 1 January 2019 (Audited)                                       | 207,000                     | 103,500                     | 51,750                          | 44,476                        | 9,959                         | (31,227)                         | -                                     | 428,979                         | 851,146                                                                     | 77                                          | 851,223                    |
| Profit for the period                                                     | -                           | -                           | -                               | -                             | -                             | -                                | -                                     | 14,062                          | 14,062                                                                      | -                                           | 14,062                     |
| Other comprehensive (loss) / income                                       | -                           | -                           | -                               | -                             | -                             | (7,493)                          | -                                     | 723                             | (6,770)                                                                     | -                                           | (6,770)                    |
| Total comprehensive (loss) / income                                       | -                           | -                           | -                               | -                             | -                             | (7,493)                          | -                                     | 14,785                          | 7,292                                                                       | -                                           | 7,292                      |
| Net changes in non-controlling<br>interest                                | -                           | -                           | -                               | -                             | -                             | -                                | -                                     | -                               | -                                                                           | (77)                                        | (77)                       |
| Balance at 31 March 2019 (Unaudited)                                      | 207,000                     | 103,500                     | 51,750                          | 44,476                        | 9,959                         | (38,720)                         | -                                     | 443,764                         | 858,438                                                                     | -                                           | 858,438                    |
| Balance at 1 January 2020 (Audited)                                       | 207,000                     | 103,500                     | 51,750                          | 88,753                        | 9,959                         | (95,122)                         | -                                     | 400,019                         | 765,859                                                                     | -                                           | 765,859                    |
| Loss for the period                                                       | -                           | -                           | -                               | -                             | -                             | -                                | -                                     | (72,849)                        | (72,849)                                                                    | -                                           | (72,849)                   |
| Other comprehensive (loss) / income                                       | -                           | -                           | -                               | -                             | -                             | (100,424)                        | -                                     | 1,188                           | (99,236)                                                                    | -                                           | (99,236)                   |
| Transfer to retained earnings on disposal<br>of financial assets at FVOCI | -                           | -                           | -                               | -                             | -                             | 6,368                            | -                                     | (6,368)                         | -                                                                           | -                                           | -                          |
| Cash flow hedge reserve                                                   | -                           | -                           | -                               | -                             | -                             | -                                | (5,023)                               | -                               | (5,023)                                                                     | -                                           | (5,023)                    |
| Total comprehensive loss                                                  | -                           | -                           | -                               | -                             | -                             | (94,056)                         | (5,023)                               | (78,029)                        | (177,108)                                                                   | -                                           | (177,108)                  |
| <b>Balance at 31 March 2020 (Unaudited)</b>                               | <b>207,000</b>              | <b>103,500</b>              | <b>51,750</b>                   | <b>88,753</b>                 | <b>9,959</b>                  | <b>(189,178)</b>                 | <b>(5,023)</b>                        | <b>321,990</b>                  | <b>588,751</b>                                                              | <b>-</b>                                    | <b>588,751</b>             |

The notes set out on pages 10 to 23 form an integral part of this condensed interim financial information.

# Al Wathba National Insurance Company P.J.S.C.

## Condensed interim statement of cash flows for the three-month period ended 31 March

|                                                                                                                                                |        | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 March<br>2019<br>(Unaudited)<br>AED'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------------------------------|--------------------------------------------|
| <b>Cash flows from operating activities</b>                                                                                                    |        |                                            |                                            |
| (Loss) / profit for the period                                                                                                                 |        | (72,849)                                   | 14,062                                     |
| <b>Adjustments for:</b>                                                                                                                        |        |                                            |                                            |
| Unearned premiums reserve - net                                                                                                                |        | 35,543                                     | 10,085                                     |
| Outstanding claims reserve and claims incurred but not reported reserve<br>including allocated and unallocated loss adjustment expense reserve |        | 9,250                                      | 5,591                                      |
| Reinsurance share of outstanding claims reserve and IBNR                                                                                       |        | (14,864)                                   | (3,076)                                    |
| Charge for allowance for impairment of insurance<br>balances receivable                                                                        |        | 1,155                                      | 718                                        |
| Change in fair value of investments carried at FVTPL                                                                                           | 7 / 14 | 97,433                                     | 36,576                                     |
| Gain on disposal of investments carried at FVTPL                                                                                               | 14     | (2,046)                                    | (9,669)                                    |
| Gain on disposal of property and equipment                                                                                                     |        | -                                          | (19)                                       |
| Provision for employees end of service benefits                                                                                                |        | 37                                         | 169                                        |
| Depreciation of property and equipment                                                                                                         |        | 355                                        | 277                                        |
| Share of profit of associates                                                                                                                  |        | 7,992                                      | (1,126)                                    |
| Finance costs                                                                                                                                  |        | 4,075                                      | 3,914                                      |
| Dividend income                                                                                                                                | 14     | (23,472)                                   | (31,615)                                   |
| Interest income                                                                                                                                | 14     | (92)                                       | (94)                                       |
| Interest income on hedge instruments                                                                                                           |        | (97)                                       | -                                          |
|                                                                                                                                                |        | <b>42,420</b>                              | <b>25,793</b>                              |
| <b>Working capital changes:</b>                                                                                                                |        |                                            |                                            |
| Insurance receivables and prepayments                                                                                                          |        | (68,852)                                   | (34,999)                                   |
| Trade and other payables                                                                                                                       |        | 32,388                                     | 10,906                                     |
|                                                                                                                                                |        | <b>5,956</b>                               | <b>1,700</b>                               |
| <b>Cash generated from operations</b>                                                                                                          |        | <b>(187)</b>                               | <b>(41)</b>                                |
| <b>Net cash generated from operating activities</b>                                                                                            |        | <b>5,769</b>                               | <b>1,659</b>                               |
| <b>Investing activities</b>                                                                                                                    |        |                                            |                                            |
| Purchase of property and equipment                                                                                                             |        | (459)                                      | (454)                                      |
| Additions to investment properties                                                                                                             |        | -                                          | (293)                                      |
| Purchase of investments carried at FVTPL                                                                                                       | 7      | (9,098)                                    | (45,602)                                   |
| Purchase of investments carried at OCI                                                                                                         |        | -                                          | (23,629)                                   |
| Purchase of investment in associates                                                                                                           |        | (16)                                       | -                                          |
| Proceeds from sale of property and equipment                                                                                                   |        | -                                          | 20                                         |
| Proceeds from disposal of investments carried at FVOCI                                                                                         |        | 3,831                                      | 8,181                                      |
| Proceeds from disposal of investments carried at FVTPL                                                                                         |        | 15,193                                     | 84,120                                     |
| Term deposits                                                                                                                                  |        | 1,879                                      | 9,090                                      |
| Interest received                                                                                                                              |        | 290                                        | 94                                         |
| Dividends received                                                                                                                             |        | 6,202                                      | 4,395                                      |
|                                                                                                                                                |        | <b>17,822</b>                              | <b>35,922</b>                              |
| <b>Net cash generated from investing activities</b>                                                                                            |        | <b>17,822</b>                              | <b>35,922</b>                              |
| <b>Financing activities</b>                                                                                                                    |        |                                            |                                            |
| Finance cost paid                                                                                                                              |        | (4,075)                                    | (3,914)                                    |
| Term loan received                                                                                                                             |        | 379,122                                    | -                                          |
|                                                                                                                                                |        | <b>375,047</b>                             | <b>(3,914)</b>                             |
| <b>Net cash generated from / (used in) financing activities</b>                                                                                |        | <b>375,047</b>                             | <b>(3,914)</b>                             |
| <b>Net increase in cash and cash equivalents</b>                                                                                               |        | <b>398,638</b>                             | <b>33,667</b>                              |
| Cash and cash equivalents at the beginning of the period                                                                                       |        | (343,413)                                  | (287,090)                                  |
| <b>Cash and cash equivalents at the end of the period</b>                                                                                      | 10     | <b>55,225</b>                              | <b>(253,423)</b>                           |

The notes set out on pages 10 to 23 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

# **Al Wathba National Insurance Company P.J.S.C.**

## **Notes to the condensed interim financial information**

### **1 Legal status and principal activities**

Al Wathba National Insurance Company PJSC (the “Company”), incorporated in Abu Dhabi is registered as a public shareholding Company in accordance with UAE Federal Law No. (6) of 2007 concerning Insurance Companies and Agents, and is registered in the Insurance Companies Register under registration No. (2).

The Company’s principal activity is the writing of general insurance and reinsurance business of all classes, the Company’s principal activity is the transaction of general insurance and reinsurance business of all classes. The Company operates through its head office in Abu Dhabi and branch offices in Dubai, Al Ain, and Sharjah. The Company is domiciled in the United Arab Emirates and its registered head office is P.O. Box 45154, Abu Dhabi, United Arab Emirates.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

The condensed interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Accordingly, the condensed interim financial information do not include all of the information required for a complete set of financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The results for the three-month period ended 31 March 2020 are not necessarily indicative of the results for the year ending 31 December 2020.

#### **(b) Basis of measurement**

The condensed interim financial information has been prepared under the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, derivative financial instruments and investment properties which are carried at fair value.

#### **(c) Functional and reporting currency**

This condensed interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Company’s functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

#### **(d) Use of judgments and estimates**

In preparing this condensed interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2019.

# **Al Wathba National Insurance Company P.J.S.C.**

## **Notes to the condensed interim financial information**

### **2 Basis of preparation (continued)**

#### **(e) Impact of CoVid-19**

The economic repercussions from the global outbreak of CoVid-19 have significantly and adversely affected businesses worldwide. As at 31 March 2020, the Company has primarily been impacted in its investments segment where the net unrealised losses on financial assets measured at fair value through other comprehensive income and fair value through profit and loss amounted to AED 92.9 million and AED 97.4 million respectively. The losses in investments are consistent with the worldwide trend. There is insufficient information available to assess the direction of this trend for the future.

#### **(f) Insurance risk**

In its underwriting segment, the Company is primarily exposed to business interruption policies.

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions in place as well. The Company has evaluated all business interruption policies in force for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company. Furthermore, the Company has been able to retain major customers during the three-month period ended 31 March 2020 and has generally witnessed renewals and new business across some major lines of businesses.

#### **(g) Credit risk**

On 27 March 2020, the IASB issued a guidance note, advising that both assessment of Significant Increase in Credit Risk ("SICR") and the measurement of expected credit losses are required to be based on reasonable and supportable information that is readily available to the entity without incurring additional costs. As at 31 March 2020, there is insufficient information available in the market to assess the monetary impact of credit losses on financial assets and reduction in future premiums. Accordingly, the Company will assess the impact as soon as sufficient and reliable information is available.

The Company's reinsurance is placed with approved reinsurers which are generally international reputable companies with high credit ratings. As at 31 March 2020, no reinsurer has expressly disassociated with the Company nor has any reinsurer communicated its non-willingness to accept CoVid-19 related claims.

#### **(h) Business continuity plan**

The Company has remained fully operational throughout the period and has put in place effective business continuity and remote working plans enabled by the right technologies and systems to ensure uninterrupted services to customers and the operations. The outbreak has not caused any significant delays in policies issuance and claims settlements. The Company will continue to monitor the reverberations of CoVid-19, if any, on its customers and operations and will take further action as needed.

The steps taken by the Company to estimate the impact of CoVid-19 and the judgments applied by management in assessing the values of assets and liabilities as at 31 March 2020 includes both quantitative and qualitative criteria such as risk profiling and actuarial analysis. Such analysis has enabled the Company to timely and accurately identify its exposure although these are subject to significant judgment due to the rapidly changing dynamics of CoVid-19.

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 3 Significant accounting policies

The accounting policies applied in the condensed interim financial information are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2019.

#### 3.1 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2020 however these do not have a material impact on the condensed interim financial information of the Company.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial information:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a business (Amendments to IFRS 3)
- Definition of material (Amendments to IAS 1 and IAS 8)

### 4 Commitments and contingencies

#### Contingent liabilities

The Company's bankers have issued in the normal course of business letters of guarantee in favour of third parties amounting to AED 6.6 million (31 December 2019: AED 6.6 million).

#### Legal claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of business. Management, based on advice from independent loss adjusters and internal legal counsel, has made a provision of AED 14.0 million (2019: AED 14.0 million) representing amounts expected to result in a probable outflow of economic resources.

### 5 Financial assets at amortised cost

Included in financial assets at amortised cost are two listed five-year sukuk with a total amount of AED 9 million which carry profit of 6 month EBOR + 300 bps or 7.5%, whichever is higher and one perpetual bond amounting to AED 5 million which carries profit of 8.25% (2019: Two listed five year sukuk amounting to AED 9 million and one perpetual bond amounting to AED 5 million) having an accrued profit of AED 0.17 million (2019: AED 0.368 million).

### 6 Financial assets at fair value through other comprehensive income

|                     | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|---------------------|--------------------------------------------|---------------------------------------------|
| Quoted securities   | 230,894                                    | 323,547                                     |
| Unquoted securities | 20,167                                     | 23,038                                      |
|                     | <u>251,061</u>                             | <u>346,585</u>                              |

Certain securities are registered in the name of a director for the beneficial interest of the Company. The fair value of these securities as at 31 March 2020 was AED 12.5 million (2019: AED 12.8 million).

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 6 Financial assets at fair value through other comprehensive income (continued)

The movement in the investments at fair value through other comprehensive income (FVOCI) is as follows:

|                                            | <b>31 March<br/>2020<br/>(Unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(Audited)<br>AED'000 |
|--------------------------------------------|------------------------------------------------------|---------------------------------------------|
| At beginning of the period / year          | <b>346,585</b>                                       | 267,865                                     |
| Additions                                  | -                                                    | 163,605                                     |
| Disposals                                  | <b>(2,643)</b>                                       | (42,945)                                    |
| Change in fair value                       | <b>(92,881)</b>                                      | (41,940)                                    |
| <b>Balance at end of the period / year</b> | <b><u>251,061</u></b>                                | <u>346,585</u>                              |

The geographical distribution of investments at FVOCI is as follows:

|             |                       |                |
|-------------|-----------------------|----------------|
| Within UAE  | <b>247,055</b>        | 342,604        |
| Outside UAE | <b>4,006</b>          | 3,981          |
|             | <b><u>251,061</u></b> | <u>346,585</u> |

Certain investments with a total fair value of AED 127.9 million (2019: AED Nil) are pledged against bank borrowings (note 12).

### 7 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of quoted investments in local securities. The movement in investments at fair value through profit or loss is as follows:

|                                            | <b>31 March<br/>2020<br/>(Unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(Audited)<br>AED'000 |
|--------------------------------------------|------------------------------------------------------|---------------------------------------------|
| At beginning of the period / year          | <b>424,537</b>                                       | 466,488                                     |
| Additions                                  | <b>9,098</b>                                         | 322,734                                     |
| Disposals                                  | <b>(13,147)</b>                                      | (338,166)                                   |
| Change in fair value (note 14)             | <b>(97,433)</b>                                      | (26,519)                                    |
| <b>Balance at end of the period / year</b> | <b><u>323,055</u></b>                                | <u>424,537</u>                              |

Certain investments with a total fair value of AED 146.7 million (2019: AED Nil) are pledged against bank borrowings (noted 12).

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 8 Premiums and insurance receivables

|                                                                 | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|-----------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| Due from policy holders and brokers                             | 57,147                                     | 37,863                                      |
| Due from policy holders - related parties (note 16)             | 31,500                                     | 16,002                                      |
| Due from insurance and reinsurance companies                    | 13,732                                     | 15,201                                      |
|                                                                 | <b>102,379</b>                             | <b>69,066</b>                               |
| Less: allowance for impairment of insurance balance receivables | <b>(21,162)</b>                            | <b>(20,007)</b>                             |
| Insurance balance receivables                                   | <b>81,217</b>                              | <b>49,059</b>                               |
| Prepayments                                                     | 9,429                                      | 2,773                                       |
| Accrued income                                                  | 19,393                                     | 1,365                                       |
| Other receivables                                               | 12,375                                     | 4,110                                       |
| Deferred acquisition cost                                       | 19,957                                     | -                                           |
| Other receivables and prepayments                               | <b>61,154</b>                              | <b>8,248</b>                                |
|                                                                 | <b>142,371</b>                             | <b>57,307</b>                               |

### 9 Insurance contract liabilities and reinsurance contract assets

|                                                            | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| <b><i>Liabilities arising from insurance contracts</i></b> |                                            |                                             |
| Gross unearned premiums reserves ("UPR")                   | 170,739                                    | 119,545                                     |
| Claims incurred but not reported reserve ("IBNR")          | 36,382                                     | 36,177                                      |
| Gross outstanding claims reserve ("OCLR") (i)              | 186,245                                    | 176,188                                     |
| Unexpired risk reserve                                     | 1,482                                      | 2,494                                       |
|                                                            | <b>394,848</b>                             | <b>334,404</b>                              |

|                                                 | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|-------------------------------------------------|--------------------------------------------|---------------------------------------------|
| <b><i>Reinsurance contract assets</i></b>       |                                            |                                             |
| Reinsurers' share of unearned premiums reserve  | (43,653)                                   | (28,002)                                    |
| Reinsurers' share of outstanding claims reserve | (133,411)                                  | (118,302)                                   |
| Reinsurers' share of IBNR reserve               | (9,732)                                    | (9,977)                                     |
|                                                 | <b>(186,796)</b>                           | <b>(156,281)</b>                            |

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 9 Insurance contract liabilities and reinsurance contract assets (continued)

#### Net

|                                          |                |                |
|------------------------------------------|----------------|----------------|
| Unearned premiums reserve                | 127,086        | 91,543         |
| Claims incurred but not reported reserve | 26,650         | 26,200         |
| Outstanding claims reserve               | 52,834         | 57,886         |
| Unexpired risk reserve                   | 1,482          | 2,494          |
|                                          | <u>208,052</u> | <u>178,123</u> |

(i) Outstanding claims reserve includes allocated and unallocated loss adjustment expense reserve of AED 6.1 million and AED 4.5 million (31 December 2019: AED 4.1 million and AED 4.4 million).

### 10 Cash and cash equivalents

|                                                          | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|----------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| Bank balances and cash                                   | 76,763                                     | 43,206                                      |
| Statutory deposit                                        | 6,000                                      | 6,000                                       |
| Term deposits                                            | 89,665                                     | 91,544                                      |
|                                                          | <u>172,428</u>                             | <u>140,750</u>                              |
| Bank and cash balances                                   | 172,428                                    | 140,750                                     |
| Less: bank overdrafts                                    | (21,538)                                   | (386,619)                                   |
| Less: term deposits with original maturity over 3 months | (89,665)                                   | (91,544)                                    |
| Less: statutory deposits                                 | (6,000)                                    | (6,000)                                     |
|                                                          | <u>55,225</u>                              | <u>(343,413)</u>                            |
| <b>Cash and cash equivalents</b>                         | <b>55,225</b>                              | <b>(343,413)</b>                            |

Geographical concentration of cash and bank balances including bank overdrafts is as follows:

|            | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|------------|--------------------------------------------|---------------------------------------------|
| Within UAE | 150,890                                    | (245,869)                                   |

Term deposits are held with financial institutions in UAE. The original maturity ranges from three to twelve months. Interest is receivable at annual rates ranging from 0.85% to 6.00% per annum (31 December 2019: 0.85% to 6.00% per annum).

In accordance with the requirements of Federal Law No. (6) of 2007, concerning Establishment of Insurance Authority and Organisation of its Operations, the Company maintains a bank deposit of AED 6 million (31 December 2019: AED 6 million) which cannot be utilised without the consent of the UAE Insurance Authority.

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 11 Share capital

|                                                                              | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| <b>Authorised, issued and fully paid</b>                                     |                                            |                                             |
| 207,000,000 (31 December 2019: 207,000,000)<br>ordinary shares of AED 1 each | 207,000                                    | 207,000                                     |

### 12 Borrowings

|             |         |   |
|-------------|---------|---|
| Term loan 1 | 244,337 | - |
| Term loan 2 | 134,785 | - |
|             | 379,122 | - |

The movement in the borrowing facilities of the Company is as follows:

|                                                        | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 December<br>2019<br>(Audited)<br>AED'000 |
|--------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| <b>Term loan facilities</b>                            |                                            |                                             |
| Proceeds from borrowing (net) during the period / year | 376,847                                    | -                                           |
| Finance cost                                           | 2,275                                      | -                                           |
| <b>Balance as at</b>                                   | 379,122                                    | -                                           |

#### **Term loan 1**

During 2020, the Company obtained a bank facility amounting to AED 237.9 million (31 December 2019: AED nil) from an international commercial bank to finance its operations and short-term liabilities. The loan carries variable interest rate of 3-month EIBOR plus 1.75% per annum and charged quarterly. The amount of the loan is repayable in one bullet payment at the end of the loan term of three years. The loan is secured against investments in equity securities and investment in associates. As at reporting date, the outstanding loan balance was AED 244.3 million (31 December 2019: AED nil).

#### **Term loan 2**

During 2020, the Company obtained a bank facility amounting to AED 133.5 million (31 December 2019: AED nil) from a local commercial bank. The loan carries variable interest rate of 3-month EIBOR plus 2.30% per annum and charged quarterly. The amount of the loan is repayable in twenty irregular principal instalments commencing from 12 April 2020 till 12 January 2025. The loan is secured against investment properties comprising head office building and a plot of land. As at reporting date the outstanding loan amount was AED 134.8 million (31 December 2019: AED nil).

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 13 Derivative financial instruments

#### *Cash flow hedges – Interest rate swap*

The Company is exposed to variability in future interest cash flows on interest bearing loans and borrowings which bear interest at a variable rate.

In order to reduce its exposure to interest rates fluctuations on these loans, the Company has entered into an interest rate swap arrangement, from floating interest rate to fixed interest rate with a counter-party bank for a notional amount that mirrors the draw down and repayment schedule of the loans, covering 100% of the outstanding interest-bearing loans and borrowings. The fixed interest rate for the Company is 1.67%. The floating interest rate is based on EIBOR. The notional amount outstanding at 31 March 2020 was AED 245 million (31 December 2019: nil).

The derivative instrument which is entered into for the purpose of cash flow hedge had a negative fair value of AED 4.9 million at 31 March 2020 (31 December 2019: nil).

### 14 Investment (loss) / income, net

|                                                                                            | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 March<br>2019<br>(Unaudited)<br>AED'000 |
|--------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Gain on disposal of investments carried at fair value through profit or loss               | 2,046                                      | 9,669                                      |
| Changes in fair value of investments carried at fair value through profit or loss (note 7) | (97,433)                                   | (36,576)                                   |
| Interest income                                                                            | 92                                         | 94                                         |
| Dividend income                                                                            | 23,472                                     | 31,615                                     |
| Other expenses related to investments                                                      | (6,297)                                    | (197)                                      |
|                                                                                            | <u>(78,120)</u>                            | <u>4,605</u>                               |

### 15 Basic and diluted earnings per share

Basic (loss) / earnings per share is computed by dividing the (loss) / profit for the period by the weighted average number of shares outstanding during the period.

Diluted (loss) / earnings per share are calculated by dividing the (loss) / profit for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

|                                                                                           | Three-month period ended<br>31 March |                     |
|-------------------------------------------------------------------------------------------|--------------------------------------|---------------------|
|                                                                                           | 2020<br>(Unaudited)                  | 2019<br>(Unaudited) |
| (Loss) / profit for the period (AED'000)                                                  | <u>(72,849)</u>                      | <u>14,062</u>       |
| Weighted average number of ordinary shares outstanding during the period (shares in '000) | <u>207,000</u>                       | <u>207,000</u>      |
| Basic and diluted (loss) / earnings per share (AED)                                       | <u>(0.35)</u>                        | <u>0.07</u>         |

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 16 Related parties

#### *Identity of related parties*

Related parties comprise the Directors of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation of decisions. The Company maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows:

Balances with related parties included in the condensed interim statement of financial position are as follows:

|                                                   | <b>31 March<br/>2020<br/>(Unaudited)<br/>AED'000</b> | <b>31 December<br/>2019<br/>(Audited)<br/>AED'000</b> |
|---------------------------------------------------|------------------------------------------------------|-------------------------------------------------------|
| <i>Included in insurance receivables (note 8)</i> |                                                      |                                                       |
| Due from policy holders                           | <b>31,500</b>                                        | 16,002                                                |
| <i>Included in other payables</i>                 |                                                      |                                                       |
| Due to policy holders                             | <b>(12,612)</b>                                      | (9,176)                                               |
| <i>Key management personnel</i>                   |                                                      |                                                       |
| Long term benefits                                | <b>2,705</b>                                         | 2,662                                                 |
| Remuneration of key management personnel (i)      | <b>993</b>                                           | 895                                                   |

- (i) The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

Transactions with related parties during the period are as follows:

|                        | <b>31 March<br/>2020<br/>(Unaudited)<br/>AED'000</b> | <b>31 March<br/>2019<br/>(Unaudited)<br/>AED'000</b> |
|------------------------|------------------------------------------------------|------------------------------------------------------|
| Gross premiums written | <b>26,604</b>                                        | 29,547                                               |
| Net claims paid        | <b>3,638</b>                                         | 4,612                                                |

### 17 Fair value of financial instruments

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 17 Fair value of financial instruments (continued)

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

|                                                                   | <i>Level 1</i><br><i>AED'000</i> | <i>Level 2</i><br><i>AED'000</i> | <i>Level 3</i><br><i>AED'000</i> | <i>Total</i><br><i>AED'000</i> |
|-------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------|
| <b><i>At 31 March 2020 (Unaudited)</i></b>                        |                                  |                                  |                                  |                                |
| Financial assets at fair value through-profit or loss             | 323,055                          | -                                | -                                | 323,055                        |
| Financial assets at fair value through-other comprehensive income | 230,894                          | -                                | 20,167                           | 251,061                        |
| Interest rate swap used for hedging                               | <u>(5,023)</u>                   | <u>-</u>                         | <u>-</u>                         | <u>(5,023)</u>                 |
|                                                                   | <b><u>548,926</u></b>            | <b><u>-</u></b>                  | <b><u>20,167</u></b>             | <b><u>569,093</u></b>          |
|                                                                   | <i>Level 1</i><br><i>AED'000</i> | <i>Level 2</i><br><i>AED'000</i> | <i>Level 3</i><br><i>AED'000</i> | <i>Total</i><br><i>AED'000</i> |
| <b><i>At 31 December 2019 (Audited)</i></b>                       |                                  |                                  |                                  |                                |
| Financial assets at fair value through-profit or loss             | 424,537                          | -                                | -                                | 424,537                        |
| Financial assets at fair value through-other comprehensive income | <u>323,547</u>                   | <u>-</u>                         | <u>23,038</u>                    | <u>346,585</u>                 |
|                                                                   | <b><u>748,084</u></b>            | <b><u>-</u></b>                  | <b><u>23,038</u></b>             | <b><u>771,122</u></b>          |

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period. For Level 3 investments, the fair values are based on internal valuation techniques such as discounted cash flows and comparable companies' multiples.

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 17 Fair value of financial instruments *(continued)*

#### *Reconciliation of level 3 fair value measurement*

Movement in level 3 for financial assets at fair value through other comprehensive income is as follows:

|                         | <b>31 March<br/>2020<br/>(Unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(Audited)<br>AED'000 |
|-------------------------|------------------------------------------------------|---------------------------------------------|
| Balance as at 1 January | 23,038                                               | 27,611                                      |
| Disposal                | -                                                    | (58)                                        |
| Change in fair value    | <u>(2,871)</u>                                       | <u>(4,515)</u>                              |
| Balance at 31 December  | <u><b>20,167</b></u>                                 | <u><b>23,038</b></u>                        |

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 18 Segment reporting

For management purposes, the Company is organised into departments based on the classes of insured risks. The reportable operating segments of the Company are fire and general accident, medical, marine, aviation and investments.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the period and their reconciliation to the Company's income and profit for the period.

#### 18.1 Segment revenue and results

|                                                          | Three-month period ended 31 March (unaudited)<br>2020 |                                                   |                         |                           |                               |                         |
|----------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------|
|                                                          | Marine<br>and<br>Aviation<br><i>AED'000</i>           | Fire and<br>General<br>Accident<br><i>AED'000</i> | Motor<br><i>AED'000</i> | Medical<br><i>AED'000</i> | Investments<br><i>AED'000</i> | Total<br><i>AED'000</i> |
| Gross premiums written                                   | 1,242                                                 | 34,730                                            | 77,765                  | 1,854                     | -                             | 115,591                 |
| Reinsurance share of ceded premiums                      | (964)                                                 | (27,631)                                          | (5,755)                 | (1,298)                   | -                             | (35,648)                |
| Net change in unearned premium reserve                   | (78)                                                  | (4,254)                                           | (31,014)                | (197)                     | -                             | (35,543)                |
| Net claims incurred                                      | (92)                                                  | (1,246)                                           | (16,423)                | (242)                     | -                             | (18,003)                |
| Net commission earned / (incurred)                       | (34)                                                  | (231)                                             | 1,453                   | (12)                      | -                             | 1,176                   |
| Rental income – net                                      | -                                                     | -                                                 | -                       | -                         | 1,439                         | 1,439                   |
| Loss from investments - net of finance costs             | -                                                     | -                                                 | -                       | -                         | (82,098)                      | (82,098)                |
| Share of profit from associate                           | -                                                     | -                                                 | -                       | -                         | (7,992)                       | (7,992)                 |
| <b>Segment profit / (loss) before allocated expenses</b> | <b>74</b>                                             | <b>1,368</b>                                      | <b>26,026</b>           | <b>105</b>                | <b>(88,651)</b>               | <b>(61,078)</b>         |
| Allocated expenses, net                                  | (288)                                                 | (2,521)                                           | (7,647)                 | (235)                     | -                             | (10,691)                |
| <b>Segment (loss) / profit</b>                           | <b>(214)</b>                                          | <b>(1,153)</b>                                    | <b>18,379</b>           | <b>(130)</b>              | <b>(88,651)</b>               | <b>(71,769)</b>         |
| Unallocated expenses                                     |                                                       |                                                   |                         |                           |                               | (1,080)                 |
| Loss for the period                                      |                                                       |                                                   |                         |                           |                               | (72,849)                |

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 18 Segment reporting *(continued)*

#### 18.1 Segment revenue and results *(continued)*

|                                                   | Three-month period ended 31 March <i>(unaudited)</i><br>2019 |                                                    |                          |                            |                                |                          |
|---------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------|--------------------------|----------------------------|--------------------------------|--------------------------|
|                                                   | Marine and<br>Aviation<br><i>AED '000</i>                    | Fire and<br>General<br>Accident<br><i>AED '000</i> | Motor<br><i>AED '000</i> | Medical<br><i>AED '000</i> | Investments<br><i>AED '000</i> | Total<br><i>AED '000</i> |
| Gross premiums written                            | 1,143                                                        | 32,907                                             | 55,547                   | 1,784                      | -                              | 91,381                   |
| Reinsurance share of ceded premiums               | (954)                                                        | (28,337)                                           | (6,124)                  | (1,586)                    | -                              | (37,001)                 |
| Net change in unearned premium reserve            | 22                                                           | (3,547)                                            | (6,277)                  | (283)                      | -                              | (10,085)                 |
| Net claims incurred                               | (48)                                                         | (40,758)                                           | 14,699                   | (563)                      | -                              | (26,670)                 |
| Net commission earned / (incurred)                | 1,110                                                        | 4,924                                              | (3,020)                  | 132                        | -                              | 3,146                    |
| Rental income                                     | -                                                            | -                                                  | -                        | -                          | 1,793                          | 1,793                    |
| Share of profit of associates                     | -                                                            | -                                                  | -                        | -                          | 1,126                          | 1,126                    |
| Income from investments - net of finance costs    | -                                                            | -                                                  | -                        | -                          | 690                            | 690                      |
| Segment profit / (loss) before allocated expenses | 1,273                                                        | (34,812)                                           | 54,826                   | (516)                      | 3,609                          | 24,380                   |
| Allocated expenses, net                           | (283)                                                        | (2,523)                                            | (6,126)                  | (287)                      | -                              | (9,219)                  |
| Segment profit / (loss)                           | 990                                                          | (37,335)                                           | 48,700                   | (803)                      | 3,609                          | 15,161                   |
| Unallocated expenses                              |                                                              |                                                    |                          |                            |                                | (1,099)                  |
| Profit for the period                             |                                                              |                                                    |                          |                            |                                | 14,062                   |

# Al Wathba National Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 18 Segment reporting (continued)

#### 18.2 Segment assets and liabilities

|                         | As at 31 March 2020 (Unaudited) |                        |                  | As at 31 December 2019 (Audited) |                        |                  |
|-------------------------|---------------------------------|------------------------|------------------|----------------------------------|------------------------|------------------|
|                         | Underwriting<br>AED'000         | Investments<br>AED'000 | Total<br>AED'000 | Underwriting<br>AED'000          | Investments<br>AED'000 | Total<br>AED'000 |
| Segment assets          | 440,405                         | 1,045,692              | 1,486,097        | 358,483                          | 1,201,973              | 1,560,456        |
| Unallocated assets      |                                 |                        | 18,109           |                                  |                        | 9,112            |
| Total assets            |                                 |                        | 1,504,206        |                                  |                        | 1,569,568        |
| Segment liabilities     | 470,830                         | 417,187                | 888,017          | 373,733                          | 399,285                | 773,018          |
| Unallocated liabilities |                                 |                        | 27,438           |                                  |                        | 30,691           |
| Total liabilities       |                                 |                        | 915,455          |                                  |                        | 803,709          |
| Capital expenditure     | 459                             | -                      | 459              | 2,105                            | -                      | 2,105            |

#### 18.3 Segment revenue from underwriting departments

The following is an analysis of the Company's revenues (representing gross premiums, commission earned and other income relating to underwriting) classified by major underwriting departments.

|                                      | 31 March<br>2020<br>(Unaudited)<br>AED'000 | 31 March<br>2019<br>(Unaudited)<br>AED'000 |
|--------------------------------------|--------------------------------------------|--------------------------------------------|
| Motor                                | 79,752                                     | 58,651                                     |
| Engineering                          | 15,506                                     | 14,891                                     |
| Fire and general accidents           | 25,850                                     | 27,647                                     |
| Marine and aviation                  | 1,496                                      | 2,300                                      |
| Life, medical and personal assurance | 1,854                                      | 1,962                                      |
|                                      | <u>124,458</u>                             | <u>105,451</u>                             |

### 19 General

The condensed interim financial information of the Company was approved for issuance by the Board of Directors on 30 June 2020.