



شركة الوثبة الوطنية للتأمين  
ALWATHBA NATIONAL INSURANCE CO

## Discussion report and analysis of the board of directors for Al Wathba National Insurance Company (PJSC)

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| Date                                                                                            | 11 <sup>th</sup> Aug.2023                                                                                                                                                              |         |         |          |
| Name of the Listed Company                                                                      | Al Wathba National Insurance Company (PJSC)                                                                                                                                            |         |         |          |
| The period of the financial statements covered by the report                                    | Q2, 2023 Financials                                                                                                                                                                    |         |         |          |
| Overview of the main results during the financial period                                        | Insurance service result: AED (6.98) M<br>Net Investment Income: AED 33.51M<br>Net insurance finance expenses: AED (.60)M<br>(Loss) / profit for the period: AED 18.01M                |         |         |          |
| Securities issued during the financial period                                                   | NA                                                                                                                                                                                     |         |         |          |
| Summary of the most important non-financial events and developments during the financial period | Revision in motor underwriting methodology in terms of pricing, distribution, and selection of risks to bring positive results                                                         |         |         |          |
| Summary of operational performance during the financial period                                  | During this period (Q2 2023), we have achieved Insurance service result of AED (6.17) million (IFRS-17 Basis) and recorded a net investment income of AED (19.55) M during the period. |         |         |          |
| Summary of profit and loss during the financial period                                          | AED Million                                                                                                                                                                            | Q2-2023 | Q2-2022 | Var      |
|                                                                                                 | Net Insurance service result                                                                                                                                                           | (6,986) | 4,787   | (11,773) |
|                                                                                                 | Net Investment Income                                                                                                                                                                  | 33,512  | 28,863  | 4,649    |
|                                                                                                 | Net Insurance finance income and expenses                                                                                                                                              | (602)   | 2,602   | (3,204)  |
|                                                                                                 | Total Income                                                                                                                                                                           | 25,924  | 36,252  | (10,328) |
|                                                                                                 | Other Operating income /expenses net                                                                                                                                                   | (7,905) | (6,087) | (1,818)  |
|                                                                                                 | Profit for the period                                                                                                                                                                  | 18,019  | 30,165  | (12,146) |



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| Summary of financial position as at the end of the financial period              | <p>Total Deposits &amp; Cash: AED 50.50 M</p> <p>Total Assets: AED 1.53 billion</p> <p>Total Share Holders Equity: AED 1.16 billion</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Summary of cash flows during the financial period                                | <p>Net Cash generated from operating Activities: AED (17.2) M</p> <p>Net Cash Generated in Investing Activities: AED 108.91 M</p> <p>Net Cash Generated in Financing Activities: AED (125.55) M</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Main performance indicators                                                      | Insurance service ratio (4.6%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Expectations for the sector and the company's role in these expectations         | We have noticed that the motor insurance premiums have started to pull back closer to pre-covid levels. This is expected to have a positive impact on the results of insurers going forward                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Expectations regarding the economy and its impact on the company and the sector  | <p>UAE GDP growth is projected to increase to 4.3% in 2024, This growth will be driven by strong domestic demand, supported by rising oil prices and continued government spending. The non-oil sector is also expected to perform well, with growth of 3.8%. Inflation is expected to ease to 3.4% in 2023, as the impact of higher oil prices and global supply chain disruptions begins to fade. The UAE's central bank has already taken steps to tighten monetary policy, which is expected to help to bring inflation under control.</p> <p>The outlook for the insurance industry in the UAE is also positive. The sector is expected to grow by 5% in 2023, driven by rising demand for property and casualty insurance, as well as life insurance. The government's efforts to promote financial inclusion are also expected to boost the insurance sector.</p> |
| Future for growth and changes in operations in future periods                    | AWNIC continues to develop and market digital insurance offerings in the insurance market.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| The size and impact of current and projected capital expenditures on the company | Net Capital expenses for the period was AED 316 K                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| The developments of the implementation of projects, plans and                    | AWNIC continues to deleverage its balance sheet amidst the significant rise in interest rates. A collaborative study with the assistance of a consultant is                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |



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| transactions and deals that were discussed by the company's board of directors in the report for the previous fiscal year | underway to explore strategic overhauls in the insurance business aimed at enhancing market share. |
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**Bassam Chilmeran**  
Chief Executive Officer

