

Board of Directors Report For the Financial Year Ended 31/12/2023

The Board of Directors of Al Wathba National Insurance Company is pleased to present the Annual Report for the fiscal year 2023, encompassing an overview of the company's business operations and activities. This report is accompanied by the audited financial statements for the financial year ending on December 31, 2023, providing stakeholders with comprehensive insights into our performance, achievements, and strategic initiatives undertaken during the reporting period.

During the year 2023, the global economy exhibited fluctuations primarily attributed to sustained high levels of global interest rates. These fluctuations influenced the performance of both global and regional financial markets, introducing volatility and uncertainty across various sectors.

In contrast to the global trends, the local economy of the United Arab Emirates demonstrated resilience and a notable resurgence in growth rates. This positive trajectory was underpinned by strategic initiatives and policies, fostering stability and confidence within the UAE financial markets.

Amidst the backdrop of global economic fluctuations and the buoyant local economy, Al Wathba National Insurance Company showed robust performance throughout the year. Notably, the company's investment portfolio yielded significant returns, with a net investment income amounting to 229 million dirhams.

The commendable performance of our investment portfolio underscores the effectiveness of our diverse and strategic investment policy. Al Wathba National Insurance Company's prudent approach to investment allocation enabled us to navigate the dynamic global economic landscape while capitalizing on emerging opportunities.

During the fiscal year 2023, Al Wathba National Insurance Company (AWNLC) recorded an insurance revenue of AED 285 million dirhams. However, the company reported a net insurance service result of AED (33) million dirhams, indicating a loss in this segment. This performance reflects the highly competitive nature of the local



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

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insurance market, wherein pricing pressures exerted a downward influence on profitability. This was mainly attributed to the motor business underwritten in the year 2022 at lower rates from the broker segment which affected the results negatively.

The local insurance market witnessed intense competition throughout the year, compelling insurers to navigate challenges associated with pricing strategies. Despite the headwinds, the market experienced a corrective movement during the year, signaling a potential shift towards improved pricing dynamics. This corrective movement is anticipated to positively impact Awnic's insurance business, paving the way for enhanced profitability in the forthcoming period.

Despite the challenges encountered within the insurance segment, Awnic delivered a commendable overall financial performance. The company's net profit for the year amounted to AED 177 million dirhams, showcasing a substantial increase compared to AED 31 million dirhams reported in the previous year. This notable improvement in net profit underscores Awnic's resilience and ability to capitalize on diversified revenue streams amidst evolving market conditions.

Sustainability information

The Company recognizes the importance of minimizing its environmental footprint and managing environmental risks. We strive to integrate environmental considerations into our business operations and decision-making processes.

GHG Emissions Reductions

The company initiated its sustainable journey in 2019 with the introduction of its inaugural ESG report. Over the following years, significant progress was made, as Awnic integrated sustainability throughout its operations via the implementation of various ESG initiatives and the establishment of a comprehensive sustainability policy. As part of our commitment to reducing our carbon footprint, we have implemented a series of measures aimed at enhancing energy efficiency and promoting the integration of renewable energy sources. These proactive initiatives align with our environmental goals while exemplifying our dedication to responsible business practices, setting the stage for a more sustainable future within the insurance sector and beyond.

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Sustainable Insurance

As a responsible and sustainable company, we are aiming at the integration of sustainable and green products within our insurance portfolio which presents a viable strategy for emission reduction, playing a pivotal role in our overarching objective of attaining net zero emissions by 2050. We are committed to integrating ESG concepts into its corporate insurance business and personal insurance business, conducting all activities in the insurance value chain in a responsible and forward-looking manner and taking full account of ESG factors in the development, design and underwriting of insurance products to reduce risks. For that purpose, we are aiming at designing sustainable products under three categories: - a) Motor insurance for EV cars b) Technical insurance for green & sustainable properties. c) Insurance for Sustainable customers.

The ratio of green premium for EV and hybrid vehicles to overall premium issued is 2.2% for the year ended 31 December 2023 (31st December 2022 is 0.4%)

	31 December 2023 AED'000	31 December 2022 AED'000
Green insurance premium	3,055	763

Social Indicators

Increasing the number of women in workforce and UAE national employee in the workforce can offer social and economic benefits.

The ratio of number of women taking on leadership and supervisory roles in the organization to the overall number of employees at senior level is 28% for the year ended 31 December 2023 (31 December 2022: 18%)

As we reflect on the fiscal year of 2023, it is evident that Al Wathba National Insurance Company remains steadfast in its commitment to delivering value to our stakeholders. Despite the challenges posed by global economic fluctuations, our unwavering dedication to strategic investment practices has resulted in commendable financial outcomes, positioning the company for sustained growth and success in the years ahead.



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The Board of Directors also would like to extend its highest thanks and gratitude to His Highness Sheikh Mohamed bin Zayed Al Nahyan- President of the United Arab Emirates and Ruler of Abu Dhabi - and His Highness Sheikh Mohammed bin Rashid Al Maktoum - Vice President & Prime Minister of the United Arab Emirates , Ruler of Dubai and to the Crown Prince of Abu Dhabi, His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, and to all the rulers of the Emirates for their patronage and support for the prosperity of this country and all its economic institutions, including the Al Wathba National Insurance Company.

Lastly, we express our profound appreciation to all the employees of Al Wathba National Insurance Company. Your dedication, hard work, and unwavering commitment have been the cornerstone of our success. It is through your collective efforts and contributions that we have achieved significant milestones and overcome challenges. As we look towards the future, we remain confident in our collective ability to navigate complexities and seize opportunities, guided by our shared vision and values.

On behalf of the Board of Directors, we extend our best wishes for continued success and prosperity to all stakeholders, and we reaffirm our commitment to upholding the highest standards of integrity, transparency, and excellence in all our endeavors.

Sheikh Saif Bin Mohammed Bin Butti Al Hamed

Chairman