

Al Wathba National Insurance Company PJSC

Condensed consolidated interim financial information

31 March 2024

Principal business address:

Al Wathba National Insurance Company PJSC

P.O. Box: 45154

Abu Dhabi

UAE

Board of Directors Report on the Company Business

For the period ending on (31/03/2024)

The Board of Directors of Al Wathba National Insurance Company is pleased to submit its quarterly report for the year 2024 on the company's business and activities, accompanied by the financial statements for the period ending on (31/03/2024).

Despite facing various operational challenges, we are delighted to announce that the company has achieved the highest premium for the first quarter in the last six years. Our prudent underwriting practices and strategic investments have contributed to achieving steady growth in premiums.

The recent flood events in the UAE have had a considerable impact on over all insurance market, resulting in a surge in claims and higher-than-anticipated losses

Additionally, heightened competition within the insurance market has exerted pressure on pricing and margins, further exacerbating our operational difficulties. We recognize the need to adapt swiftly to changing market dynamics and strengthen our competitive positioning through strategic initiatives aimed at enhancing efficiency and profitability.

During the reporting period of 2024, Al Wathba National Insurance Company recorded an insurance revenue of AED 75 million dirhams. However, the company reported a net insurance service result of AED (8) million dirhams, indicating a loss in this segment. This performance reflects the highly competitive nature of the local insurance market and the recent impact of extreme weather events. The company reported a net loss before tax of AED (29) million for the period.

While the current industry environment presents formidable challenges, we are confident in our ability to navigate through these turbulent times and emerge stronger. We remain steadfast in our commitment to delivering long-term value to our shareholders, customers, and other stakeholders, guided by our core values of integrity, innovation, and customer centricity.

Finally, 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. The Board would also like to express its sincere appreciation and gratitude to all the company's shareholders and customers for their trust and continuous support, and to all the company's employees for their dedication and contribution to the company's performance during the last period.



Sheikh Saif bin Mohammed bin Butti Al Hamed
Chairman of Board of Directors

Al Wathba National Insurance Company PJSC

Condensed consolidated interim financial information

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Independent Auditors' Report on Review of the Condensed Consolidated Interim Financial Information

To the Shareholders of Al Wathba National Insurance Company PJSC ("the Company") and its subsidiaries ("the Group")

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial information of Al Wathba National Insurance Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2024;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2024;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated interim statement of changes in shareholders' equity for the three-month period ended 31 March 2024;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2024; and
- notes to the condensed consolidated interim financial information.

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



Al Wathba National Insurance Company PJSC
Independent Auditors' Report on Review of the
Condensed Consolidated Interim Financial Information
31 March 2024

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 consolidated 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 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

KPMG Lower Gulf Limited

Maher Alkatout
Registration No: 5453
Abu Dhabi, United Arab Emirates

Date: 14 May 2024

Al Wathba National Insurance Company PJSC

Condensed consolidated interim statement of financial position

as at

	Note	31 March 2024 (Unaudited) AED'000	31 December 2023 (Audited) AED'000
Assets			
Property and equipment		3,105	3,394
Investment in associates		149,339	145,005
Financial assets at amortised cost	5	13,689	14,098
Financial assets at fair value through other comprehensive income	6	326,272	362,182
Financial assets at fair value through profit or loss	7	536,149	548,941
Investment properties		380,911	380,911
Investment property under development		58,261	40,278
Statutory deposits	8	6,000	6,000
Reinsurance contract assets	17.2	187,506	135,885
Prepayments and other receivables	9	8,274	5,679
Deferred tax asset	16	891	-
Term deposits	8	38,531	59,343
Cash and cash equivalents	8	52,099	58,234
Total assets		1,761,027	1,759,950
Equity and liabilities			
Equity			
Share capital	10	207,000	207,000
Legal reserve		103,500	103,500
Statutory reserve		51,750	51,750
General reserve		88,753	88,753
Capital reserve		9,474	9,474
Reinsurance risk reserve		2,357	1,991
Fair value reserve		65,306	101,887
Retained earnings		677,441	705,962
Total equity		1,205,581	1,270,317
Liabilities			
Borrowings	11	104,089	88,541
Employees' end of service benefits		5,618	5,471
Insurance contract liabilities	17.1	376,120	320,631
Reinsurance contract liabilities	17.2	41,960	35,442
Deferred tax liability	16	73	-
Trade and other payables		27,586	39,548
Total liabilities		555,446	489,633
Total equity and liabilities		1,761,027	1,759,950



Chairman of the Board of Directors



Chief Financial Officer

The notes set out on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Al Wathba National Insurance Company PJSC

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

		Three-month period ended	
	Note	2024 AED'000	2023 AED'000
Insurance revenue	18	74,989	75,165
Insurance service expenses	18	(116,278)	(70,201)
Amounts recoverable from reinsurers for incurred claims	18	62,624	18,360
Allocation of reinsurance premiums	18	(29,496)	(24,131)
Insurance service result		(8,161)	(807)
Interest income from financial assets at amortised cost		1,033	72
(Loss) / income from Investment, <i>net</i>	12	(23,504)	43,299
Income from investment properties (rental income), <i>net</i>		1,508	1,141
Share of profit of equity-accounted investees		5,005	3,577
Net investment income		(15,958)	48,089
Finance expenses from insurance contracts issued		(2,668)	693
Finance income from reinsurance contracts held		480	(472)
Net insurance finance expenses		(2,188)	221
Net insurance and investment result		(26,307)	47,503
Other income		297	1,558
Other operating expenses		(1,357)	(1,050)
Other finance costs		(1,606)	(3,434)
(Loss) / profit for the period before tax		(28,973)	44,577
Income tax credit		818	-
(Loss) / profit for the period after tax	16	(28,155)	44,577
(Loss) / Earnings per share:			
(Loss) / earnings per share (AED)	13	(0.14)	0.22

The notes set out on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

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Al Wathba National Insurance Company PJSC

Condensed consolidated interim statement of profit or loss and other comprehensive income

for the three-month period ended 31 March (Unaudited)

	Three-month period ended	
	2024	2023
	AED'000	AED'000
(Loss) / profit for the period after tax	(28,155)	44,577
Other comprehensive loss		
<i>Items that will not be reclassified subsequently to the statement of profit or loss:</i>		
Share of other comprehensive loss of associates	(671)	(335)
Loss on sale of financial assets at fair value through other comprehensive income, <i>net</i>	-	(1,364)
Change in fair value of financial assets at fair value through other comprehensive income, <i>net</i>	(35,910)	(1,390)
Other comprehensive loss for the period	(36,581)	(3,089)
Total comprehensive (loss) / income for the period	(64,736)	41,488

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Al Wathba National Insurance Company PJSC

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

	Share capital AED'000	Legal reserve AED'000	Statutory reserve AED'000	General reserve AED'000	Capital reserve AED'000	Reinsurance risk reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2023, as previously reported	207,000	103,500	51,750	88,753	9,474	1,256	(17,577)	528,880	973,036
<i>Total comprehensive income</i>									
Profit for the period	-	-	-	-	-	-	-	44,577	44,577
Other comprehensive loss for the period	-	-	-	-	-	-	(1,725)	(1,364)	(3,089)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(1,725)	43,213	41,488
Transfer to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(1,671)	1,671	-
Transfer from retained earnings to reinsurance risk reserve	-	-	-	-	-	318	-	(318)	-
Balance at 31 March 2023	207,000	103,500	51,750	88,753	9,474	1,574	(20,973)	573,446	1,014,524
Balance at 1 January 2024	207,000	103,500	51,750	88,753	9,474	1,991	101,887	705,962	1,270,317
<i>Total comprehensive income</i>									
Loss for the period after tax	-	-	-	-	-	-	-	(28,155)	(28,155)
Other comprehensive loss for the period	-	-	-	-	-	-	(36,581)	-	(36,581)
Total comprehensive loss for the period	-	-	-	-	-	-	(36,581)	(28,155)	(64,736)
Transfer to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Transfer from retained earnings to reinsurance risk reserve	-	-	-	-	-	366	-	(366)	-
Balance at 31 March 2024	207,000	103,500	51,750	88,753	9,474	2,357	65,306	677,441	1,205,581

The notes set out on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Al Wathba National Insurance Company PJSC

Condensed consolidated interim statement of cash flows for the three-month period ended 31 March (Unaudited)

	Note	2024 AED'000	2023 AED'000
Cash flow from operating activities			
(Loss) / profit for the period before tax		(28,973)	44,577
<i>Adjustments for:</i>			
Changes in fair value of financial assets at fair value through profit or loss, <i>net</i>	12	37,201	(9,840)
Gain on disposal of financial assets at fair value through profit or loss, <i>net</i>	12	(9,696)	(11,286)
Gain on disposal of property and equipment		(7)	(24)
Provision for employees' end of service benefits		147	158
Depreciation of property and equipment		415	470
Share of profit of associates		(5,005)	(3,577)
Finance costs		1,606	3,434
Dividend income		(4,942)	(23,945)
Interest income		(1,033)	(72)
Net cash used in operations		(10,287)	(105)
<i>Changes in:</i>			
Insurance and reinsurance contract assets		(51,621)	1,334
Insurance and reinsurance contract liabilities		62,007	1,516
Prepayments and other receivables		(319)	(1,731)
Trade and other payables		(11,962)	(3,324)
Cash used in operations		(12,182)	(2,310)
Employees' end of service benefits paid		-	(244)
Net cash used in operating activities		(12,182)	(2,554)
Cash flow from investing activities			
Purchase of property and equipment		(188)	(223)
Additions to investment properties and investment properties under development		(17,983)	(399)
Purchase of financial assets at fair value through profit or loss	7	(84,203)	(52,671)
Purchase of financial assets at fair value through other comprehensive income	6	-	(983)
Proceeds from sale of property and equipment		69	24
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	27,587
Proceeds from disposal of financial assets at fair value through profit or loss		69,490	70,481
Proceeds from disposal of asset held for sale		-	19,935
(Placement) of term deposits		-	(54)
Interest received		(124)	151
Dividends received from other investments		4,232	33
Net cash (used in) / generated from investing activities		(28,707)	63,881
Cash flow from financing activities			
Finance cost paid		(1,606)	(3,434)
Repayment of borrowings		(39,452)	(965)
Term loan received		55,000	-
Restricted cash movement		-	(15,322)
Net cash from / (used in) financing activities		13,942	(19,721)
Net (decrease) / increase in cash and cash equivalents		(26,947)	41,606
Cash and cash equivalents at 1 January	8	83,864	71,648
Cash and cash equivalents at 31 March		56,917	113,254

The notes set out on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

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Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated 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 the UAE Federal Law No. (8) of 1984 (as amended) and is governed by the provisions of Federal Law No. (48) of 2023 (as amended) concerning the Establishment of the Central Bank of UAE and Organisation of the Insurance Operations and its amendments, Federal Decree Law No. 32 of 2021 concerning the Commercial Companies, Central Bank of UAE Board of Directors’ Decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies and Central Bank of UAE Board of Directors’ Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations.

The Company’s principal activity is the writing of general insurance business of all classes. The Company operates through its registered head office in Abu Dhabi and branch offices in Dubai, Al Ain, and Sharjah. The Company is domiciled in the United Arab Emirates, P.O. Box 45154, Abu Dhabi, United Arab Emirates. The Company’s shares are listed on Abu Dhabi Securities Exchange (ADX).

2 Basis of preparation

(a) Basis of consolidation

The condensed consolidated financial statements comprise the financial results of the Company and its following subsidiaries (together “the Group”):

Subsidiary	Principal activity	Country of incorporation	Ownership
AWNIC Investment Limited	Investment Management	Cayman Islands	100%
Al Wathba Real Estate Development LLC*	Real Estate	United Arab Emirates	100%

* During the year of 2022 the Group has formed a Limited Liability Company as its subsidiary named as “Al Wathba Real Estate Development L.L.C.”, registered on 28 October 2022 in accordance with the provisions of the Federal Decree Law No. 32 of 2021 concerning the Commercial Companies with its registered office established in Dubai. Al Wathba Real Estate Development L.L.C. was not operational as at and for the period ended 31 March 2024.

(b) Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Accordingly, this condensed consolidated interim financial information does not include all of the information required for a complete set of condensed consolidated annual financial statements and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The results for the three-month period ended 31 March 2024 are not necessarily indicative of the results for the year ending 31 December 2024.

(c) Basis of measurement

The condensed consolidated interim financial information has been prepared under the historical cost convention except for the following.

- Investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values.
- Groups of insurance and reinsurance contracts, which are measured under the premium allocation approach.

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

2 Basis of preparation *(continued)*

(d) Functional and reporting currency

This condensed consolidated interim financial information is presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

(e) Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimate is revised and in any future period affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2023.

3 Material Accounting policies

The accounting policies applied in the condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023 with the exception of below;

On 9 December 2022 UAE Federal Decree-Law no 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply for the Company's financial year commenced on 1 January 2024. The Company is required to file its first annual tax return and pay the declared income tax, pertaining to the financial year ending 31 December 2024, before 30 September 2025.

Income Taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in directly in equity or in other comprehensive income (OCI).

Current tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

3 Material Accounting policies (*continued*)

Income Taxes (*continued*)

Deferred tax (continued)

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction
 - i. affects neither accounting nor taxable profit or loss and
 - ii. does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

4 New and amended standard and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing this condensed consolidated interim financial information.

<i>Forthcoming requirements</i>	<i>Effective date</i>
Amendments to IAS 21 – Lack of Exchangeability	1 January 2024
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A*

N/A* Available for optional adoption/ effective date deferred indefinitely.

The following new and amended standards do not have a significant impact on the Group's condensed consolidated interim financial information:

<i>New standards or amendments</i>	<i>Effective date</i>
Amendments to IAS 1 – Non Current liabilities with covenants	1 January 2024
Amendments to IAS 1 – Classification of liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements	1 January 2024

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

5 Financial assets at amortised cost

Included in financial assets at amortised cost are two sukuk with a total amount of AED 9,000 thousand which carry profit of six month EIBOR+495 bps or 6.05%, whichever is higher and one bond amounting to AED 5,000 thousand which carries profit of 8.25% (31 December 2023: two sukuk with a total amount of AED 9,000 thousand which carry profit of six month EIBOR+495 bps or 6.05%, whichever is higher and one bond amounting to AED 5,000 thousand which carries profit of 8.25%) having an accrued profit of AED 389 thousand for the three-month period ended 31 March 2024 (31 December 2023: accrued profit of AED 98 thousand).

6 Financial assets at fair value through other comprehensive income

	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
Quoted securities	325,662	361,474
Unquoted securities	610	708
	<u>326,272</u>	<u>362,182</u>

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

	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
At beginning of the period / year	362,182	428,499
Additions	-	4,404
Disposals	-	(199,808)
Changes in fair value	(35,910)	129,087
Balance at end of the period / year	<u>326,272</u>	<u>362,182</u>

The geographical distribution of financial assets at FVOCI is as follows:

Within UAE	326,064	361,971
Outside UAE	208	211
	<u>326,272</u>	<u>362,182</u>

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

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 financial assets at fair value through profit or loss is as follows:

	<i>(Unaudited)</i> 31 March 2024 AED'000	<i>(Audited)</i> 31 December 2023 AED'000
At beginning of the period / year	548,941	389,584
Additions	84,203	84,623
Disposals	(59,794)	(71,814)
Changes in fair value <i>(note 12)</i>	(37,201)	146,548
Balance at end of the period / year	536,149	548,941

8 Cash and cash equivalents

	<i>(Unaudited)</i> 31 March 2024 AED'000	<i>(Audited)</i> 31 December 2023 AED'000
Bank balances and cash	52,099	58,234
Statutory deposit	6,000	6,000
Term deposits	38,531	59,343
Total bank balances, deposits and cash	96,630	123,577
<i>Less: deposits with original maturity of three months or more</i>	(33,713)	(33,713)
<i>Less: statutory deposits</i>	(6,000)	(6,000)
Cash and cash equivalents for the purpose of the statement of cash flows	56,917	83,864

Geographical concentration of cash and cash equivalents, statutory deposits and deposits with original maturities of three months or more is as follows:

Within UAE	96,630	123,577
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Deposits are held with financial institutions in UAE, with an original maturity period of one to twelve months from the date of placement. Interest is receivable at annual rates ranging from 4.3% to 6% per annum *(31 December 2023: 3.25% to 6.10% per annum)*.

In accordance with the requirements of UAE Federal Law No. (48) of 2023 (as amended), the Group maintains a bank deposit of AED 6,000 thousand *(31 December 2023: AED 6,000 thousand)* which cannot be utilised without the consent of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE.

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

9 Prepayments and other receivables

	<i>(Unaudited)</i> 31 March 2024 AED'000	<i>(Audited)</i> 31 December 2023 AED'000
Prepayments	1,926	2,443
Accrued income	2,080	875
Other receivables	4,268	2,361
	<u>8,274</u>	<u>5,679</u>

10 Share capital

	<i>(Unaudited)</i> 31 March 2024 AED'000	<i>(Audited)</i> 31 December 2023 AED'000
<i>Authorised, issued and fully paid</i>		
207,000,000 (31 December 2023: 207,000,000) ordinary shares of AED 1 each	<u>207,000</u>	<u>207,000</u>

11 Borrowings

	<i>(Unaudited)</i> 31 March 2024 AED'000	<i>(Audited)</i> 31 December 2023 AED'000
Term loan 1	84,067	88,541
Term loan 2	20,022	-
	<u>104,089</u>	<u>88,541</u>

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

	31 March 2024 AED'000	31 December 2023 AED'000
<i>Term loan facilities</i>		
Opening balance	88,541	208,943
Add: Drawdown during the period / year	55,000	12,386
Add: finance cost incurred during the period / year	1,606	9,679
Repayments made during the period / year	(41,058)	(142,467)
Balance as at	<u>104,089</u>	<u>88,541</u>

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

11 Borrowings (*continued*)

Term loan 1

During 2022 the Group obtained a bank facility amounting to AED 100,000 thousand from an international commercial bank to refinance customer indebtedness with local bank. The loan carries fixed interest rate of 3-month EIBOR plus margin and charged quarterly. The amount of the loan is repayable in twenty-four quarterly principal instalments commencing from 12 April 2023 till 12 April 2029. The loan is secured against investment properties comprising head office building and five villas. As at 31 March 2024, the outstanding loan balance was AED 84,067 thousand (*31 December 2023: AED 88,541 thousand*).

Term loan 2

During 2024, the Group utilised a revolving bank facility amounting to AED 55,000 thousand from an international commercial bank to finance its operations and short-term liabilities. The loan carries fixed interest rate of 3-month EIBOR plus margin and charged quarterly. The loan amount is repayable in one bullet payment at the end of the one -year term. During the period, the Group pre-settled AED 35,000 of the revolving bank facility. As at reporting date, the outstanding loan balance including finance cost was AED 20,022 thousand (*31 December 2023: AED Nil*).

12 Investment income, *net* (*Unaudited*)

	Three-month period ended	
	31 March	
	2024	2023
	AED'000	AED'000
Gain on disposal of financial assets at fair value through profit or loss, <i>net</i>	9,696	11,286
Changes in fair value of financial assets carried at fair value through profit or loss (<i>note 7</i>)	(37,201)	9,840
Dividend income	4,942	23,945
Other investment expense, <i>net</i>	(941)	(1,772)
	<u>(23,504)</u>	<u>43,299</u>

13 Earnings per share (*Unaudited*)

Earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the earnings per share computations:

	Three-month period ended	
	31 March	
	2024	2023
	AED'000	AED'000
(Loss) / profit for the period (AED'000)	<u>(28,155)</u>	<u>44,577</u>
Ordinary shares outstanding during the period (shares in 000)	<u>207,000</u>	<u>207,000</u>
(Loss) / earnings per share (AED)	<u>(0.14)</u>	<u>0.22</u>

There is no dilution effect to the basic earnings per share.

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

14 Related parties

Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The Group maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates.

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

	As at 31 March 2024 (Unaudited)		
	Directors and Key management	Others	Total
	AED'000	AED'000	AED'000
Net insurance contract balance	32,221	248	32,469
Prepaid Expenses	281	-	281
As at 31 December 2023 (Audited)			
	Directors and Key management	Others	Total
	AED'000	AED'000	AED'000
Net insurance contract balance	13,437	60	13,497
Prepaid Expenses	402	-	402

Others related parties balance are receivables from associates of the Group of AED 248 thousand as at the period ended 31 March 2024 (31 December 2023: 60 thousand).

Transactions with related parties included in the condensed consolidated interim statement of profit or loss and other comprehensive income are as follows (Unaudited):

	31 March 2024 (AED'000)		
	Directors and Key management	Others	Total
Insurance revenue	29,441	333	29,774
Insurance service expense	11,349	-	11,349
Rental expenses	121	-	121
Salaries & benefits	829	-	829
End of service benefits	14	-	14
Other expenses	745	-	745

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

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

14 Related parties (continued)

	31 March 2023 (AED'000)		
	Directors & Key management	Others	Total
Insurance revenue	20,860	211	21,071
Insurance service expense	4,550	-	4,550
Rental expenses	115	-	115
Salaries & benefits	730	-	730
End of service benefits	31	-	31

15 Fair value of financial instruments and non-financial assets (Unaudited)

Financial instruments comprise of financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

When measuring the fair value of an asset or a liability, the Group 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 March 2024 (Unaudited)				
Financial assets at fair value through profit or loss	532,597	3,552	-	536,149
Financial assets at fair value through other comprehensive income	250,302	75,360	610	326,272
Investment properties	-	-	380,911	380,911
	782,899	78,912	381,521	1,243,332
As at 31 December 2023 (Audited)				
Financial assets at fair value through profit or loss	546,141	2,800	-	548,941
Financial assets at fair value through other comprehensive income	295,443	66,031	708	362,182
Investment properties	-	-	380,911	380,911
	841,584	68,831	381,619	1,292,034

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

15 Fair value of financial instruments and non-financial assets *(continued)*

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 ended 31 March 2024 (31 December 2023: AED 61,127 thousand). The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Reconciliation of level 3 fair value measurement

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

	31 March 2024 AED'000	31 December 2023 AED'000
Balance as at 1 January	708	725
Disposal	-	(17)
Change in fair value	(98)	-
Balance as at	610	708

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.

16 Corporate tax

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. The net deferred tax asset for the period ended 31 March 2024 is AED 818 thousand (31 March 2023: Nil)

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

17 Insurance and reinsurance contract assets and liabilities

17.1 Insurance contracts issued

	As at 31 March 2024 (<i>Unaudited</i>)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component AED'000	Loss component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Insurance contract liabilities - opening	81,826	12,553	215,893	10,359	320,631
Insurance contract assets - opening	-	-	-	-	-
Net opening balance	81,826	12,553	215,893	10,359	320,631
Insurance revenue	(74,989)	-	-	-	(74,989)
Insurance service expense					
Incurred claims and other directly attributable expenses	-	(5,721)	81,955	3,533	79,767
Insurance acquisition cashflow amortisation	9,434	-	-	-	9,434
Losses on onerous contracts	-	6,768	-	-	6,768
Reversal of losses on onerous contracts	-	(20)	-	-	(20)
Changes that relate to past service - adjustment to the LIC	-	-	22,051	(1,722)	20,329
Total insurance service expenses	9,434	1,027	104,006	1,811	116,278
Finance income from insurance contracts issued	-	-	2,668	-	2,668
Total changes in the statement of comprehensive income	(65,555)	1,027	106,674	1,811	43,957
Cash flows					
Premiums received	92,608	-	-	-	92,608
Claims and other directly attributable expenses paid	-	-	(72,230)	-	(72,230)
Insurance acquisition cashflows paid	(8,846)	-	-	-	(8,846)
Total cash inflows / (outflows)	83,762	-	(72,230)	-	11,532
Insurance contract liabilities - closing	100,033	13,580	250,337	12,170	376,120
Insurance contract assets - closing	-	-	-	-	-
Closing balance - net	100,033	13,580	250,337	12,170	376,120

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

17 Insurance and reinsurance contract assets and liabilities (continued)

17.1 Insurance contracts issued (continued)

	<i>As at 31 December 2023 (Audited)</i>				
	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)			
	Excluding loss component AED'000	Loss component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Insurance contract liabilities - opening	61,886	15,931	221,461	10,773	310,051
Insurance contract assets - opening	-	-	-	-	-
<i>Net opening balance</i>	61,886	15,931	221,461	10,773	310,051
<i>Insurance revenue</i>	(284,649)	-	-	-	(284,649)
<i>Insurance service expenses</i>	-	-	-	-	-
Incurred claims and other directly attributable expenses	-	(27,508)	152,587	4,623	129,702
Insurance acquisition cashflow amortisation	38,716	-	-	-	38,716
Losses on onerous contracts	-	26,741	-	-	26,741
Reversal of losses on onerous contracts	-	(2,611)	-	-	(2,611)
Changes that relate to past service - adjustment to the LIC	-	-	70,957	(5,037)	(65,920)
<i>Total insurance service expenses</i>	38,716	(3,378)	223,544	(414)	258,468
Finance income from insurance contracts issued	-	-	1,627	-	1,627
<i>Total changes in the statement of comprehensive income</i>	(245,933)	(3,378)	225,171	(414)	(24,554)
<i>Cash flows</i>					
Premiums received	303,240	-	-	-	303,204
Claims and other directly attributable expenses paid	-	-	(230,739)	-	(230,739)
Insurance acquisition cashflows paid	(37,331)	-	-	-	(37,331)
<i>Total cash inflows / (outflows)</i>	265,873	-	(230,739)	-	35,134
Insurance contract liabilities - closing	81,826	12,553	215,893	10,359	320,631
Insurance contract assets - closing	-	-	-	-	-
<i>Closing balance - net</i>	81,826	12,553	215,893	10,359	320,631

Al Wathba National Insurance Company PJSC

Notes to the condensed consolidated interim financial information

17 Insurance and reinsurance contract assets and liabilities (continued)

17.2 Reinsurance contracts held

As at 31 March 2024 (Unaudited)					
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		Total AED'000
	Excluding loss component AED'000	Loss component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	
Reinsurance contract liabilities - opening	35,442	-	-	-	35,442
Reinsurance contract assets - opening	-	-	(128,710)	(7,175)	(135,885)
Net opening balance	35,442	-	(128,710)	(7,175)	(100,443)
Allocation of reinsurance premiums paid	29,496	-	-	-	29,496
Amount recoverable from reinsurers					-
Incurred claims and other directly attributable expenses	-	-	(56,130)	(2,799)	(58,929)
Changes that relate to past service - adjustment to the LIC	-	-	(4,328)	446	(3,882)
Effect of changes in the risk of reinsurers non-performance	-	-	187	-	187
Total amount recoverable from reinsurers - net	-	-	(60,271)	(2,353)	(62,624)
Finance income from reinsurance contracts held	-	-	(480)	-	(480)
Total changes in the statement of comprehensive income	29,496	-	(60,751)	(2,353)	(33,608)
Cash flows					
Premiums ceded paid	(22,978)	-	-	-	(22,978)
Recoveries from reinsurers	-	-	11,483	-	11,483
Total cash inflows / (outflows)	(22,978)	-	11,483	-	(11,495)
Reinsurance contract liabilities - closing	41,960	-	-	-	41,960
Reinsurance contract assets - closing	-	-	(177,978)	(9,528)	(187,506)
Closing balance - net	41,960	-	(177,978)	(9,528)	(145,546)

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Notes to the condensed consolidated interim financial information

17 Insurance and reinsurance contract assets and liabilities (continued)

17.2 Reinsurance contracts held (continued)

	As at 31 December 2023 (Audited)				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss component AED'000	Loss component – onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Reinsurance contract liabilities – opening	41,593	-	-	-	41,593
Reinsurance contract assets – opening	-	-	(151,147)	(8,472)	(159,619)
Net opening balance	41,593	-	(151,147)	(8,472)	(118,026)
<i>Allocation of reinsurance premiums paid</i>	108,907	-	-	-	108,907
<i>Amount recoverable from reinsurers</i>					
Incurred claims and other directly attributable expenses	-	-	(64,994)	(3,277)	(68,271)
Changes that relate to past service – adjustment to the LIC	-	-	13,384	4,574	17,958
Effect of changes in the risk of reinsurers non-performance	-	-	731	-	731
<i>Total amount recoverable from reinsurers – net</i>	-	-	(50,879)	1,297	(49,582)
Finance income from reinsurance contracts held	-	-	(2,475)	-	(2,475)
<i>Total changes in the statement of comprehensive income</i>	108,907	-	(53,354)	1,297	56,850
<i>Cash flows</i>					
Premiums ceded paid	(115,058)	-	-	-	(115,058)
Recoveries from reinsurers	-	-	75,791	-	75,791
<i>Total cash inflows / (outflows)</i>	(115,058)	-	75,791	-	(39,267)
Reinsurance contract liabilities – closing	35,442	-	-	-	35,442
Reinsurance contract assets – closing	-	-	(128,710)	(7,175)	(135,885)
<i>Closing balance – net</i>	35,442	-	(128,710)	(7,175)	(100,443)

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Notes to the condensed consolidated interim financial information

18 Segment information (*Unaudited*)

	Three-month period ended 31 March 2024				
	Motor AED'000	Fire and General accident AED'000	Marine AED'000	Investments AED'000	Total AED'000
Insurance revenue					
Insurance revenue from contracts measured under PAA	41,339	29,749	3,901	-	74,989
Total insurance revenue	41,339	29,749	3,901	-	74,989
Insurance service expenses					
Incurred claim and other directly attributable expenses	(37,772)	(35,374)	(6,621)	-	(79,767)
Changes that relate to past service - adjustments to the LIC	(22,383)	1,525	529	-	(20,329)
Losses on onerous contracts	(6,409)	(339)	-	-	(6,748)
Insurance acquisition cash flows' amortisation	(4,864)	(3,922)	(648)	-	(9,434)
Total insurance service expenses	(71,428)	(38,110)	(6,740)	-	(116,278)
Income from reinsurance contracts held					
Incurred claims recovered	23,685	31,144	4,100	-	58,929
Changes that relate to past service - adjustments to LIC	6,987	(2,565)	(540)	-	3,882
Effect of changes in the risk of reinsurers non-performance	(12)	(170)	(5)	-	(187)
Reinsurance expenses	30,660	28,409	3,555	-	62,624
Allocation of reinsurance premiums	(8,016)	(19,266)	(2,214)	-	(29,496)
Total net income from reinsurance contracts	22,644	9,143	1,341	-	33,128
Total insurance service results	(7,445)	782	(1,498)	-	(8,161)
Net insurance finance income	-	-	-	(2,188)	(2,188)
Net investment income	-	-	-	(15,958)	(15,958)
Other income	-	-	-	297	297
Other operating expenses	-	-	-	(1,357)	(1,357)
Other finance costs	-	-	-	(1,606)	(1,606)
(Loss) / profit for the period	(7,445)	782	(1,498)	(20,812)	(28,973)

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Notes to the condensed consolidated interim financial information

18 Segment information (*Unaudited*) (*continued*)

	Three-month period ended 31 March 2023				
	Motor AED'000	Fire & General accident AED'000	Marine AED'000	Investment AED'000	Total AED'000
<i>Insurance revenue</i>					
Insurance revenue from contracts measured under PAA	40,139	31,959	3,067	-	75,165
	40,139	31,959	3,067	-	75,165
<i>Insurance service expenses</i>					
Incurred claim and other directly attributable expenses	(38,096)	(18,562)	(2,261)	-	(58,919)
Changes that relate to past service - adjustments to the LIC	(5,868)	4,606	1,578	-	316
Losses on onerous contracts	(2,198)	-	-	-	(2,198)
Insurance acquisition cash flows amortisation	(5,390)	(4,374)	364	-	(9,400)
<i>Total Insurance service expenses</i>	(51,552)	(18,330)	(319)	-	(70,201)
<i>Income from reinsurance contracts held</i>					
Incurred Claims recovered	4,983	12,766	855	-	18,604
Changes that relate to past service - adjustments to LIC	5,881	(5,434)	(691)	-	(244)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
<i>Reinsurance expenses</i>	10,864	7,332	164	-	18,360
<i>Allocation of reinsurance premiums</i>	(4,195)	(19,057)	(879)	-	(24,131)
Total net income / (expenses) from reinsurance contracts	6,669	(11,725)	(715)	-	(5,771)
Total insurance service result	(4,744)	1,904	2,033	-	(807)
Net insurance finance expenses	-	-	-	221	221
Net investment income	-	-	-	48,089	48,089
Other income	-	-	-	1,558	1,558
Other operating expenses	-	-	-	(1,050)	(1,050)
Other finance costs	-	-	-	(3,434)	(3,434)
Loss / profit for the period	(4,744)	1,904	2,033	45,384	44,577

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Notes to the condensed consolidated interim financial information

18 Segment information (*Unaudited*) (*continued*)

Balances for segment assets and liabilities as follows

As at 31 March 2024					
	Motor AED'000	Fire and General accident AED'000	Marine AED'000	Investments AED'000	Total AED'000
Insurance contract assets	-	-	-	-	-
Reinsurance contract asset	46,352	132,397	8,757	-	187,506
Segment assets	-	-	-	1,464,621	1,464,621
Unallocated assets	-	-	-	-	108,900
Total assets	46,352	132,397	8,757	1,464,621	1,761,027
Insurance contract liabilities	202,615	155,723	17,782	-	376,120
Reinsurance contract liabilities	(5,165)	42,379	4,746	-	41,960
Segment liabilities	-	-	-	104,089	104,089
Unallocated liabilities	-	-	-	-	33,277
Total liabilities	197,450	198,102	22,528	104,089	555,446

As at 31 December 2023					
	Motor AED'000	Fire and General accident AED'000	Marine AED'000	Investments AED'000	Total AED'000
Insurance contract assets	-	-	-	-	-
Reinsurance contract asset	24,327	105,863	5,695	-	135,885
Segment assets	-	-	-	1,491,415	1,491,415
Unallocated assets	-	-	-	-	132,650
Total assets	24,327	105,863	5,695	1,491,415	1,759,950
Insurance contract liabilities	171,920	136,467	12,244	-	320,631
Reinsurance contract liabilities	809	31,287	3,346	-	35,442
Segment liabilities	-	-	-	88,541	88,541
Unallocated liabilities	-	-	-	-	45,019
Total liabilities	172,729	167,754	15,590	88,541	489,633

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Notes to the condensed consolidated interim financial information

19 Financial risk management

The Group's risk management policies with regards to financial instruments are the same as those disclosed in *note 25 and 26* to the annual consolidated financial statements for the year ended 31 December 2023.

20 Risk management

The Group's insurance and financial risk management policies with regards to financial instruments and insurance risk are the same as those disclosed in *note 26* to the annual consolidated financial statements for the year ended 31 December 2023.

Capital risk management (Unaudited)

The Group's objectives when managing capital is to ensure ongoing and future compliance with the insurance capital requirements set by the Federal Law No. (48) of 2023 concerning the Organisation of Insurance Operations.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the Group in addition to its ties. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

As per the Federal Law No. (48) of 2023 concerning the Organisation of Insurance Operations, the minimum capital requirement remains at AED 100 million for insurance companies. The table below summarises the Minimum Capital Requirement of the Group and the total capital held by the Group. In accordance with Circular No. CBUAE/BSN/2022/923 of CBUAE dated 28 February 2022, the Group has disclosed the solvency position for the year ended 31 December 2023 as the current three-month period ended 31 March 2024 solvency position is not finalised.

	31 December 2023 AED'000	31 December 2022 AED'000
Total capital held by the Group	<u>207,000</u>	<u>207,000</u>
Minimum capital requirement (MCR)	<u>100,000</u>	<u>100,000</u>
Solvency capital requirement (SCR)	<u>315,384</u>	<u>261,997</u>
Minimum guarantee fund (MGF)	<u>105,128</u>	<u>87,332</u>
<i>Own funds</i>		
Basic own funds	<u>750,638</u>	<u>488,317</u>
MCR solvency margin - (surplus)	650,638	388,317
SCR solvency margin - (surplus)	435,254	226,321
MGF solvency margin - (surplus)	645,510	400,985

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Notes to the condensed consolidated interim financial information

21 Commitments and contingencies

Contingent liabilities

At 31 March 2024, the Group had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 543 thousand (31 December 2023: AED 543 thousand).

Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of the business. Management, based on advice from independent loss adjusters and internal legal counsel, has made a provision of AED 3,485 thousand (31 December 2023: AED 7,261 thousand) representing amounts expected to result in a probable outflow of economic resources.

22 Non-Adjusting Subsequent Event Disclosure: Heavy Rainfall

Subsequent to the reporting date, Al Wathba National Insurance Company has assessed the impact of heavy rainfall events occurring in the UAE on its operations and financial position. The heavy rainfall resulted in widespread flooding and property damage across the affected region.

As an insurance company, Al Wathba National Insurance is exposed to risks associated with extreme weather events, including heavy rainfall and flooding. Management has conducted a thorough evaluation of the event and its potential impact on the Group's condensed consolidated interim financial information.

Based on the assessment, it has been determined that while there may be an increase in claims activity related to property damage caused by the heavy rainfall, the overall financial position of the Group remains robust. Al Wathba National Insurance Company maintains comprehensive reinsurance coverage to mitigate the impact of large-scale events such as this.

This event has been disclosed in the financial statements to provide transparency to stakeholders regarding subsequent events that may affect the Group's operations and financial position

23 General

The condensed consolidated interim financial information of the Group was approved for issuance by the Board of Directors on 13 May 2024.