

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

Date	14/05/2025
Name of the Listed Company	Al Wathba National Insurance Company (PJSC)
The period of the financial statements covered by the report	Q1-2025
Overview of the main results during the financial period	<p>Insurance service result: AED 7.33 M</p> <p>Net Investment Income: AED (17.3) M</p> <p>Net insurance finance income /(expenses): AED (1.97) M</p> <p>(Loss) / profit for the period: AED (16.05) M</p>
Securities issued during the financial period	NA
Summary of the most important non-financial events and developments during the financial period	<p>Through a steadfast commitment to exceptional customer service, AWNIC has significantly enhanced its service levels, becoming the first insurance provider in the UAE to achieve a 4.4-star rating on Google Reviews.</p> <p>By consistently delivering prompt, reliable, and solutions-oriented support, particularly during challenging times, AWNIC has built trust and strengthened relationships with its clients.</p> <p>This achievement reflects its dedication to meeting customer needs with efficiency, transparency, and professionalism, reinforcing its reputation as a leader in service excellence within the industry.</p>
Summary of operational performance during the financial period	<p>In Q1-2025, we achieved an insurance revenue of AED 164.49 million (2024: AED 74.98 million) and recorded an insurance service result of AED 7.33 million (Q1-2024: AED (8.16) million). We reported a net loss of AED (16.05) million (2024: AED (28.15) million), reflecting an optimistic forecast for the company's performance in 2025 and a positive outlook for the rest of the year 2025.</p>

Summary of profit and loss during the financial period	AED Million	Q1-2025	Q1-2024	Var
	Net Insurance service result	7,336	(8,161)	15,497
	Net Investment Income	(17,308)	(15,958)	(1,350)
	Net Insurance finance income and expenses	(1,976)	(2,188)	212
	Total Income	(11,948)	(26,307)	14,359
	Other Operating income /expenses net	(4,103)	(1,848)	(2,255)
	Profit for the period	(16,051)	(28,155)	12,104
Summary of financial position as at the end of the financial period	Total Deposits & Cash: AED 92.82 M Total Assets: AED 1.88 billion Total Shareholders' Equity: AED 1.16 billion			
Summary of cash flows during the financial period	Net Cash generated from operating Activities: AED .031 M Net Cash Generated in Investing Activities: AED (13.34) M Net Cash Generated in Financing Activities: AED 24.07 M			
Main performance indicators	Insurance service ratio 4.46%			
Expectations for the sector and the company's role in these expectations	<p>The UAE insurance sector in 2025 is expected to undergo significant transformation, driven by digital innovation, regulatory evolution, and shifting customer demands. Insurers will increasingly adopt AI, automation, and blockchain to streamline underwriting and claims processing, while Insurtech partnerships will enhance operational efficiency and customer experience.</p> <p>Regulatory changes, including stricter compliance with IFRS 17 and CBUAE guidelines, will require insurers to strengthen risk management and financial transparency. Demand for health insurance is growing, particularly with expanding mandatory coverage, while specialized products like cyber insurance will gain traction due to rising digital and environmental risks.</p> <p>Sustainability will also take center stage, with insurers developing ESG-aligned products, such as green energy coverage, and integrating sustainable practices into their operations.</p> <p>AWNIC is anticipated to be instrumental in fulfilling these expectations by harnessing technology to enhance operational effectiveness, providing tailored and adaptable products, and maintaining adherence to changing regulatory requirements.</p>			

<p>Expectations regarding the economy and its impact on the company and the sector</p>	<p>In 2025, the UAE economy is expected to maintain strong growth, driven by economic diversification, technological advancements, and progressive government policies.</p> <p>This positive trajectory will significantly influence the insurance sector, fuelling expansion and innovation.</p> <p>Growth will be propelled by the extension of mandatory health insurance, increasing demand for specialized coverage in areas like cyber risks and climate-related protection, and the sector's continued embrace of digital transformation.</p> <p>AWNIC will be expected to refine risk assessment models, adjust premiums accordingly, and integrate sustainability initiatives into our offerings.</p> <p>With anticipated industry growth of 20%, the UAE's insurance sector is set to reinforce its market strength, aligning with the nation's economic resilience and long-term prosperity.</p>
<p>Future for growth and changes in operations in future periods</p>	<p>AWNIC anticipates strong growth and operational expansion in 2025, supported by the country's ongoing economic diversification, advancements in technology, and an evolving regulatory landscape.</p> <p>The industry is expected to experience substantial development, fuelled by the extension of mandatory health insurance in areas such as Sharjah and the Northern Emirates, as well as rising demand for specialized offerings, including cyber insurance, climate risk protection, and customized health plans.</p> <p>Through digital transformation, a customer-focused approach, and robust risk management strategies, AWNIC is well-positioned to achieve sustainable progress, reinforce its market standing, and contribute to the nation's economic stability and long-term prosperity.</p>
<p>The size and impact of current and projected capital expenditures on the company</p>	<p>Net Capital expenses for the period were AED 126 thousand.</p>

<p>The developments of the implementation of projects, plans and transactions and deals that were discussed by the company's board of directors in the report for the previous fiscal year</p>	<p>To enhance cost efficiency and streamline operations, AWNIC has implemented several board-approved initiatives, including AI-driven solutions and low-code/no-code projects.</p> <p>AI use cases are being discussed and studied to be implemented across various processes, enabling automation, predictive analytics, and intelligent decision-making to enhance productivity and accuracy while minimizing manual intervention.</p> <p>Additionally, low-code/no-code platforms are also under process to empower teams to develop and deploy applications rapidly, reducing dependence on extensive programming expertise and accelerating digital transformation efforts.</p> <p>Collectively, these initiatives will strengthen operational agility, improve efficiency, and position AWNIC for sustainable growth in a dynamic business landscape.</p>
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Muralikrishnan R
Chief Financial Officer

