

National Takaful Company, Watania
Management Discussion and Analysis
For the period ended 30 June 2020

Watania management is pleased to submit the following financial analysis to its stakeholders for the period ended 30 June 2020:

Summary of Financial Performance:

Summarize P&L	H1FY20	H1FY19	Variance
	(000)		%
Gross Contribution	193,733	186,618	3.8%
Net Earned Contribution	107,738	90,207	19.4%
Commissions earned	6,755	4,224	59.9%
Net Claims Incurred	(58,559)	(55,836)	4.9%
Commissions expense	(17,284)	(12,441)	38.9%
Other UW expenses - net	(7,494)	(5,857)	27.9%
Underwriting profit	31,156	20,297	53.5%
Total management expenses	(18,501)	(16,889)	9.5%
Profit from Insurance operations	12,655	3,408	271.3%
Total Investment income	3,906	3,617	8.0%
Net Profit	16,561	7,025	135.7%

Operating Ratios:

	H1FY20	H1FY19	Y-o-Y change
Net Claims Ratio	54.4%	61.9%	-7.5%
Net Commission & net U/W Expense Ratio	16.7%	15.6%	1.1%
Expense ratio	17.2%	18.7%	-1.5%
Combined operating ratio	88.3%	96.2%	-7.9%

Gross and Net Written Contribution:

The Gross Written Contribution for the period increased by 3.8% as compared to the same period last year. Medical and Motor insurance portfolios were the major contributors of the growth. Overall retention remained almost unchanged at 60.8% as compared to 60.7% during the same period last year.



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Claims and other operating Ratios:

Net loss ratio improved at 54.4% as compared to 61.9% during the same period last year. Expense ratio came down at 17.2% as compared to 18.7% same period last year. Combined operating ratio for H1FY20 showed a significant reduction at 88.3% compared to 96.2% same period last year.

Investment Income:

Total investment income (shareholders and policyholders) in H1FY20 was 3.9mn as compared to 3.6mn in H1 FY19.

Net profits:

The Company achieved net profit of AED 16.6mn in H1FY20 as against AED 7.0mn in H1FY19.

Balance Sheet:

Total invested assets as at the period end stood at AED 177.8 million as compared to AED 175.5 million as at Dec 31, 2019.

Shareholders' equity stands at AED 87.5 million as against AED 93.6 million at the end of year 2019.

Outlook:

The COVID19 pandemic has had a negative impact on the GWP growth. We expect the growth to be under pressure for the remainder of the year. However, improvement in our underwriting results along with control in the expenses have led to good growth in our profitability. We believe that our proactive steps in mitigating our exposure to various risks arising out of this situation and our ongoing initiatives to reduce our operating costs and improve our customer service will help us come out of this situation stronger.



Chief Financial Officer



Chief Executive Officer

