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المكتب الرئيسي، ص.ب. ٦٤٥٧، أبو ظبي، الإمارات العربية المتحدة
هاتف. ٨٨٨٨ ٦١٣ ٩٧١٢، فاكس. ٨٨٠٠ ٦١٣ ٩٧١٢

فرع دبي، ص.ب. ٤٨٧٣٧٦، دبي، الإمارات العربية المتحدة
هاتف. ٤٢٧ ٥٩٠٠ ٩٧١٤، فاكس. ٤٥٠ ٨٣٦٦ ٩٧١٤

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National Takaful Company, Watania
Management Discussion and Analysis
For the period ended 31 March 2020

Watania management is pleased to present the following financial analysis to its stakeholders for the period ended 31 March 2020:

Summary of Financial Performance:

| Summarize P&L | Q1 FY2020 | Q1 FY2019 | Variance |
|---|--------------|--------------|---------------|
| | (000) | | % |
| Gross Contribution | 118,748 | 109,794 | 8.2% |
| Net Earned Contribution | 54,436 | 43,057 | 26.4% |
| Commissions earned | 3,317 | 1,892 | 75.3% |
| Net Claims Incurred | (37,227) | (25,887) | 43.8% |
| Commissions expense | (8,578) | (6,155) | 39.4% |
| Other UW expenses – net | (3,161) | (2,916) | 8.4% |
| Underwriting profit | 8,787 | 9,991 | -12.1% |
| Total management expenses | (8,684) | (7,484) | 16.0% |
| Profit from Insurance operations | 103 | 2,507 | -95.9% |
| Total Investment income | 2,169 | 1,420 | 52.7% |
| Net Profit | 2,272 | 3,927 | -42.1% |

Operating Ratios:

| | Q1 FY20 | Q1 FY19 | Y-o-Y change |
|--|---------|---------|--------------|
| Net Claims Ratio | 68.4% | 60.1% | 8.3% |
| Net Commission & net U/W Expense Ratio | 15.5% | 16.7% | -1.2% |
| Expense ratio | 16.0% | 17.4% | -1.4% |
| Combined operating ratio | 99.8% | 94.2% | 5.6% |

Gross and Net Written Contribution:

The Gross Written Contribution for the period increased by 8.2% as compared to the same period last year. Motor and Medical were the key drivers of the growth. Overall retention stood at 62.5% as compared to 60.7% during the same period last year.

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Claims and other operating Ratios:

The loss ratio at 68.4% increased as compared to the same period last year. The increase was mainly due to higher loss ratio in Motor & Medical. Expense ratio was 16% as compared to 17.4% same period last year. Combined operating ratio for Q1FY20 was at 99.8%.

Investment Income:

Total investment income (shareholders and policyholders) in Q1 FY20 was 2.2mn as compared to 1.4mn in Q1 FY19.

Net profits:

The Company delivered net profit of AED 2.3 million in Q1 FY20.

Balance Sheet:

Total invested assets as at the period end stood at AED 156.3 million as compared to AED 175.5 million as at Dec 31, 2019.

Shareholders' equity stands at AED 79.8 million as against AED 93.6 million at the end of year 2019.

Outlook:

The COVID19 pandemic will have an impact on growth of the country. This will have a cascading effect on business with contraction in demand. We believe that our proactive steps in mitigating our exposure to various risks arising out of this situation will help us come out of this situation stronger.

Chief Financial Officer



Chief Executive Officer

