

Watania Takaful announces resilient H1 2021 results

Strong return on equity performance at 13.5%

Abu Dhabi- 11 August 2021:

The National Takaful Company (Watania) today announced financial results for the first half of 2021 that ended June 30, 2021, reporting a **net profit of AED 7.0 million and annualized ROE of 13.5% for H1 2021.**

“A recent S&P report has noted that very high competition in the overcrowded GCC insurance industry will continue to weigh on earnings in 2021. In spite of that, The National Takaful Company (Watania) demonstrated a disciplined performance maintaining its overall profitability and high ROE”, said the Company’s Chairman Dr. Ali Aldhaheeri. “Liquidity will remain a challenge in the current market, but we are still pleased to report a ROE of 13.5% that was buoyed by the strong performance of our investment portfolio, which **rose to AED6.7mn from AED3.9mn in the same half of 2020, a growth of 71%**”.

Press Release

He also added, “In spite of all the challenges, we were able to **maintain positive underwriting results with combined operating ratio of 99.6%**. Watania has therefore responded effectively to the challenge by maintaining its overall profitability”.

Despite a decline in revenue in H1 2021, The Company’s overall profitability remains positive thanks to its overall investment income and positive underwriting operations.

Outlook on H2 2021

According to S&P, an uneven recovery, ongoing cost-saving measures in many industries, and a decline in business travel have increased the pressure in key sectors, such as real estate, retail, transportation, and hospitality. S&P believes that these factors, combined with very intense competition in the insurance sector, will continue to weigh on growth prospects for gross written premiums of both Takaful and conventional insurers. However, the recovery of the oil price has been strong, and this will lead to an increase in government spending.

Press Release

Looking ahead, Dr. Aldhaheri adds, “Because the insurance sector is impacted by constraints in the economy, we expect the growth pressure to continue for the remainder of 2021. However, The Company has continued to strengthen its infrastructure through innovative cost-effective changes in its service and delivery platform. There is an increasing focus on customer feedback process and improving on its customer satisfaction index. These initiatives will help the company to recover at faster rate when market conditions improve”.

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