4th QUARTER 2016 EARNINGS

Tawuniya التعاونية

Investor Presentation

4th Quarter & FY - 2016

Agenda

I. Company Overview

Jad Katra, Executive Consultant

II. KSA Insurance Market

Jad Katra, Executive Consultant

III. Tawuniya Market Strategy

Jad Katra, Executive Consultant

IV. 2016 Company Financials

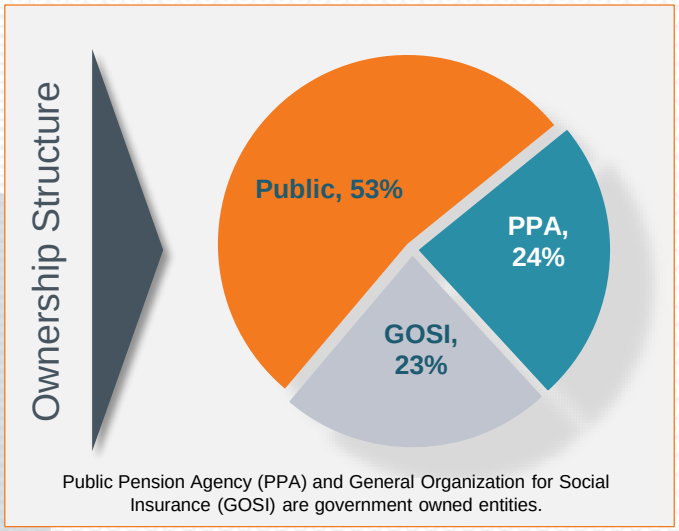
Amr Al-Nemari, CFO - Operations/Business

Fahad Al-Moammar, VP - Investment

I. Company Overview

The Company For Cooperative Insurance

- One of the **leading Insurance company** in the Kingdom
- Headquartered in **Riyadh, KSA**
- **Significant presence** across all regions in KSA
- **Multiple distribution channels and products**
- Strategic Business Units: **Health, Motor, Property & Casualty and Investments**
- Witnessed **highest growth in paid-up capital** (SR250m in 1987 to SR1,000m in 2013)



Public Pension Agency (PPA) and General Organization for Social Insurance (GOSI) are government owned entities.

1986 — Tawuniya **Establishment**

1995 — **Introduced medical insurance** plans and other individual products.

2002 — Vehicle Liability Insurance Compulsory Act (TP)

2004 — Received **SAMA License**, first insurance company in KSA

2005 — **IPO** to float 70% of the total capital.

2006 — **Introduction of 90% surplus to SH** as per SAMA rules.

2007 — Launched a **new corporate identity**.

2008 — **"A" credit rating** assigned by S&P for the first time.

2013 — Increased the **paid up capital to SR 1,000** million.

Market Leading Insurer

Operating Segments

Medical & Takaful

- Balsam
- My Family
- Group Medical
- Group Takaful

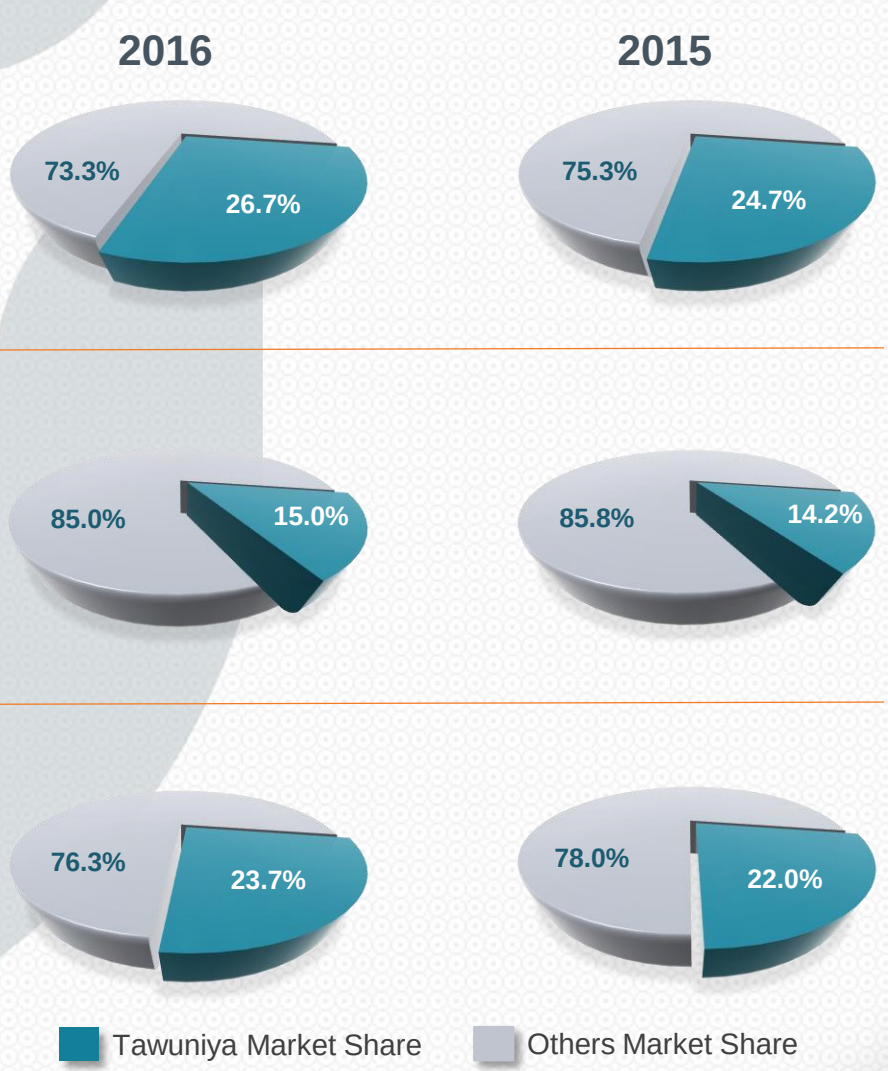
Motor Insurance

- Al-Shamel
- Sanad
- Sanad Plus

Property & Casualty

- Engineering
- Fire & Property
- Marine
- Aviation
- Energy

Market Share* 2016 Vs. 2015



*Excludes Saudi Re

Top Rated in the Region by S&P

	KSA	Kuwait	Bahrain	UAE	Qatar	Oman
A				❖ Arab Orient	❖ QIC	
A-	Tawuniya	❖ Al-Ahleia	❖ Hannover Re	❖ ADNIC ❖ Oman	❖ Doha insurance	
BBB+	❖ Saudi Re ❖ Malath ❖ Medgulf	❖ Gulf Insurance	❖ Trust	❖ Salama ❖ National General Ins. ❖ Al Buhaira		
BBB	❖ Wataniya		❖ Bahrain National ❖ Bahrain Kuwait ❖ Takaful Int'l	❖ Takaful Re	❖ Ins. & Reins	❖ Oman United
BBB-						

S&P GCC Rating Jun 2016

Major Clients

AVIATION	FINANCIALS	TELECOM.	MINING & PETROCHEM.	MANUFACTURING	OTHERS
GACA – الهيئة العامة للطيران المدني – General Authority of Civil Aviation	مؤسسة النقد العربي السعودي – Saudi Arabian Monetary Agency	هيئة الاتصالات وتقنية المعلومات – Communications and Information Technology Commission	الهيئة الملكية للجبيل وينبع – Royal Commission for Jubail and Yanbu (RCJY)	الهيئة السعودية للمدن الصناعية ومناطق التقنية – Saudi Industrial Property Authority (MODON)	هيئة السوق المالية – Capital Market Authority
السعودية SAUDIA	NCB الأهلي	STC الاتصالات السعودية	ارامكو السعودية Saudi Aramco	سابك sabic	د. سليمان الحبيب DR SULAIMAN AL HABIB medical group المجموعة الطبية
flynas طيران ناس	بنك الرياض riyad bank	موبايلي mobily	معادن MA'ADEN	BAE SYSTEMS INSPIRED WORK	مجموعة الفيصلية Al Faisaliah Group
شركة الإلكترونيات المتقدمة AEC Advanced Electronics Company	SABB ساب	zain	بترو رابغ Petro Rabigh	صدارة Sadara	مجموعة صافولا The Savola Group
BOEING	بنك البلاد Bank Albilad	شركة اتحاد عذيب للاتصالات Etihad Atheeb Telecom Company	Chevron	التصنيع TASNEE	OLAYAN
السلام للطائرات ALSALAM AIRCRAFT CO.	البنك الأول Alawwal bank	Microsoft ARABIA	S-Chem	SIEMENS	JPMorgan
AIRBUS	بنك الجزيرة BANK ALJAZIRA			ساتورب satorp	النهدي nahdi
	البنك السعودي للاستثمار The Saudi Investment Bank			CRISTAL	PHILIPS Healthcare

Reinsurance Partners

Munich Re is rated “AA-” by S&P

Swiss Re is rated “AA-” by S&P

SCOR Global P&C is rated “AA-” by S&P

LLOYD’s is rated “A+” by S&P

MAPFRE is rated “A” by S&P

CCR is rated “AA” by S&P

Transatlantic Re is rated “A+” by AM Best

II. KSA Insurance Market

Evolving Business Environment for Insurers

- Regulations will **positively impact** the overall market performance
  - Medical Unified Policy
  - Motor No Claim and Loyalty Discount
- Several **insurers are struggling to maintain adequate solvency**/capital margins
  - Ease of re-capitalization is no longer being supported by the regulator
  - Updated "Companies Law" will pressurize the loss making companies
- **Stern price competition** among large insurers is still present
- Motor **Third Party insurance penetration is still low** but expected to increase with strong regulatory enforcement

Market	12M 2016	12M 2015	Variance
GWP *(SR millions)*	35,758	35,564	0.5%
Incurred Claims *(SR millions)*	22,760	21,218	7.3%
Net Income *(SR millions)*	2,496	1,044	139.2%
Loss-making Companies	6	14	Out of 34

- *Figures excludes Saudi Re*
- *Net Income figures before Zakat*

Regulators

Ministry of Commerce and Investment (MCI)
Overall regulations

Saudi Arabian Monetary Authority
Primary Operations

Cooperative Health Insurance
Health Insurance Operations

Capital Market Authority (CMA)
Listing and trading of shares

هيئة السوق المالية
Capital Market Authority

III. Tawuniya Market Strategy

Long-term Strategic Pillars

Constant endeavor to attain the optimal balance across all three strategic pillars

Multiple Sources of Competitive Advantage

Brand/Balance sheet strength	• Recognized and trusted brand in the market • Strong balance sheet with 'A-' S&P rating
Strong network/connections in the market	• Market leadership position supported by high renewal rates on a consistent basis
Large tied agency network	• Network of tied agents with wide reach across the Kingdom (27 agents)
Strong coverage on all major product lines	• Complete offering across Medical, Motor and P&C
Large talent pool & Databases	• Largest insurance talent pool in KSA • Vast insurance data on market / market performance
Scale advantage	• Scale advantage with providers (hospitals, repair shops…) • Economies of scale in back office activities
Online sales capabilities	• Online availability of all product lines (Sanad, Travel Insurance etc.) • Policy renewal, premium payments and claims follow-up possible online

Our strengths allows us to act as industry pioneers while simultaneously adapting to changing market dynamics

Building Differentiated Capabilities

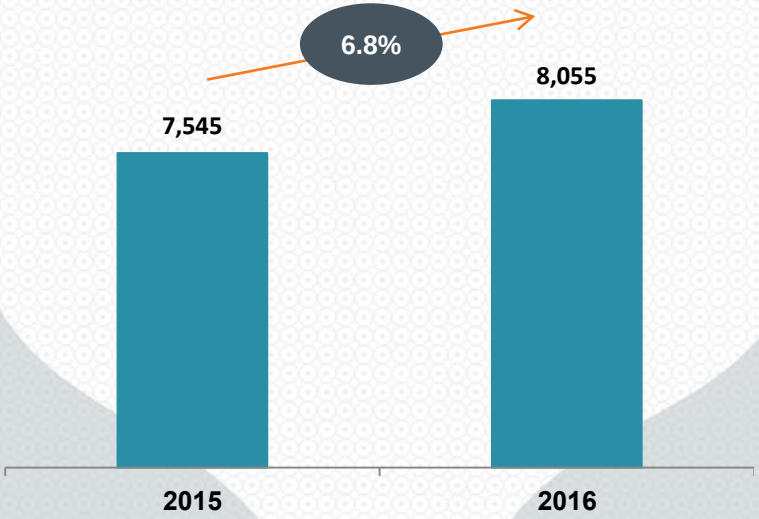
Market leading expertise	Superior customer service	Leader in innovation	Talent management
Risk management across all lines of business	Customer at the center of all activities	Pioneer in the application of digital technologies to insurance	Recruiting, developing and retaining the best talent in the market place

Continuous development of our capabilities allow us to grow sustainably, while adhering to our long-term aspirations

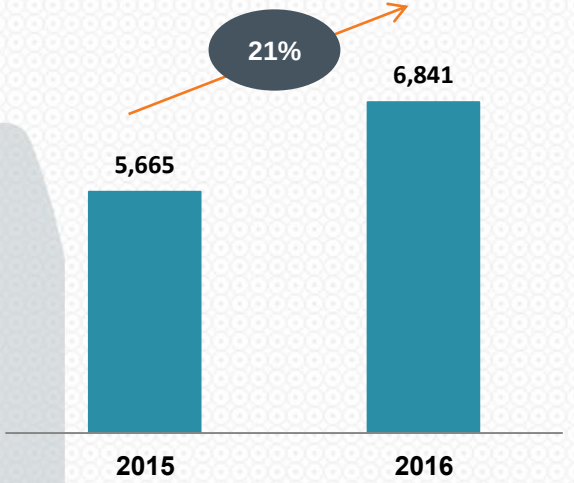
IV. 2016 Company Financials

Decent Growth in Underwriting Revenues

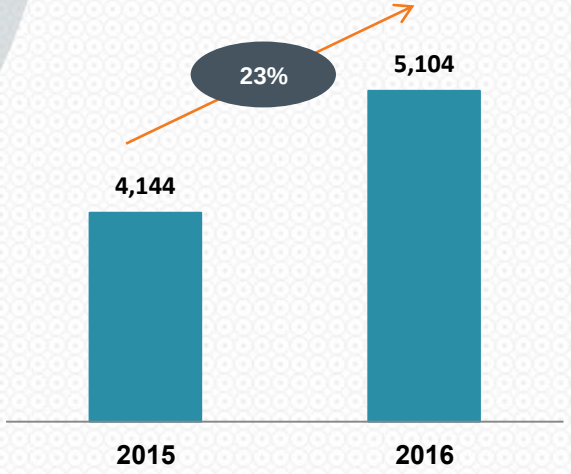
Gross Written Premiums (in SR millions)



Net Earned Premium (in SR millions)

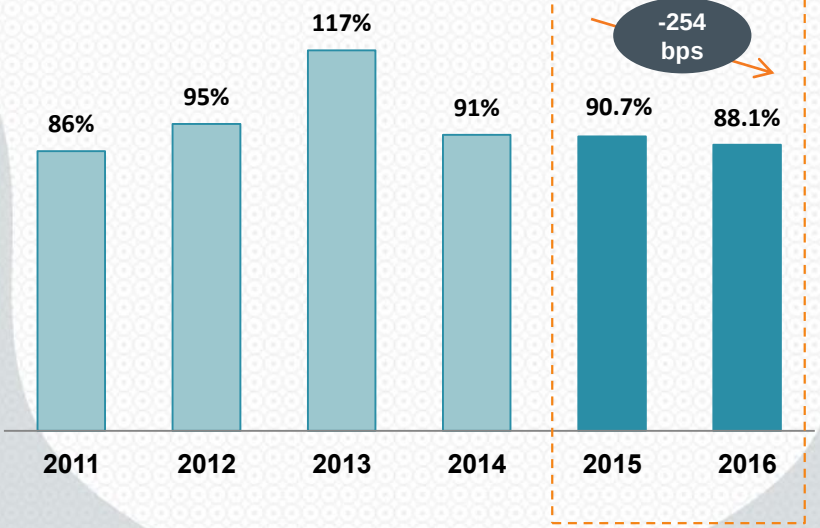


Net Claims Incurred (in SR millions)

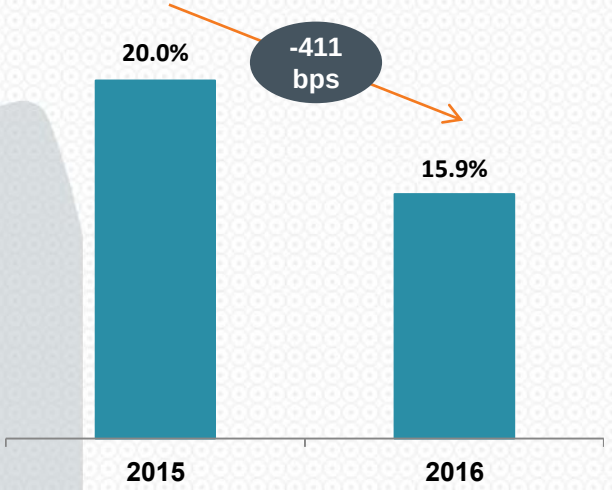


Improved Operating Efficiency

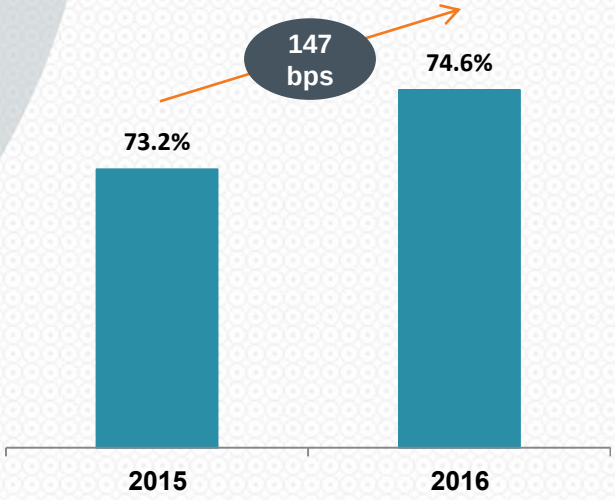
Combined Ratio (%)



Expense Ratio (%)



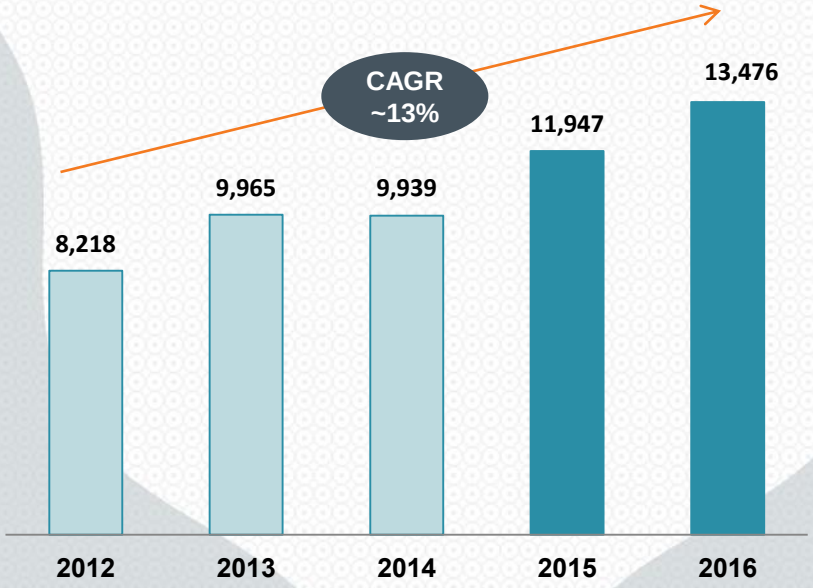
Loss Ratio (%)



Strong Balance Sheet

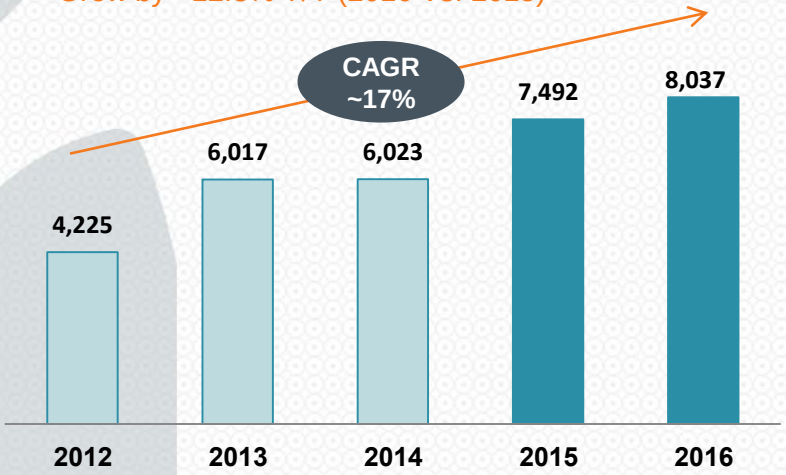
Total Assets (in SR millions)

Grew by +12.8% Y/Y (2016 Vs. 2015)



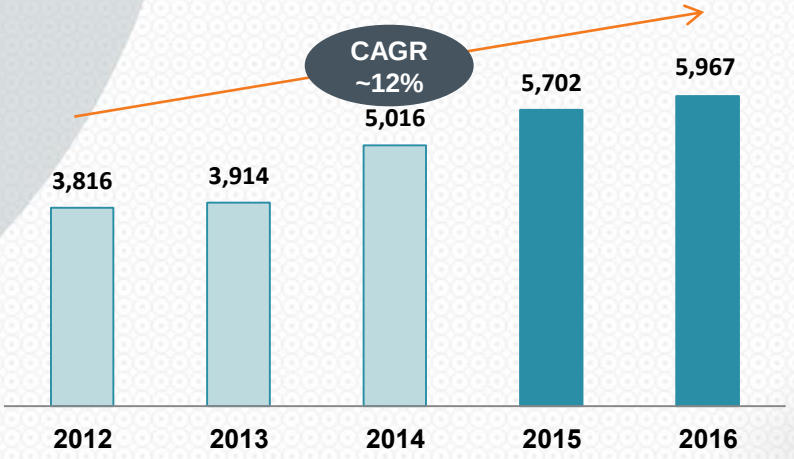
Technical Reserves (in SR millions)

Grew by +12.3% Y/Y (2016 Vs. 2015)



Total Investments (in SR millions)

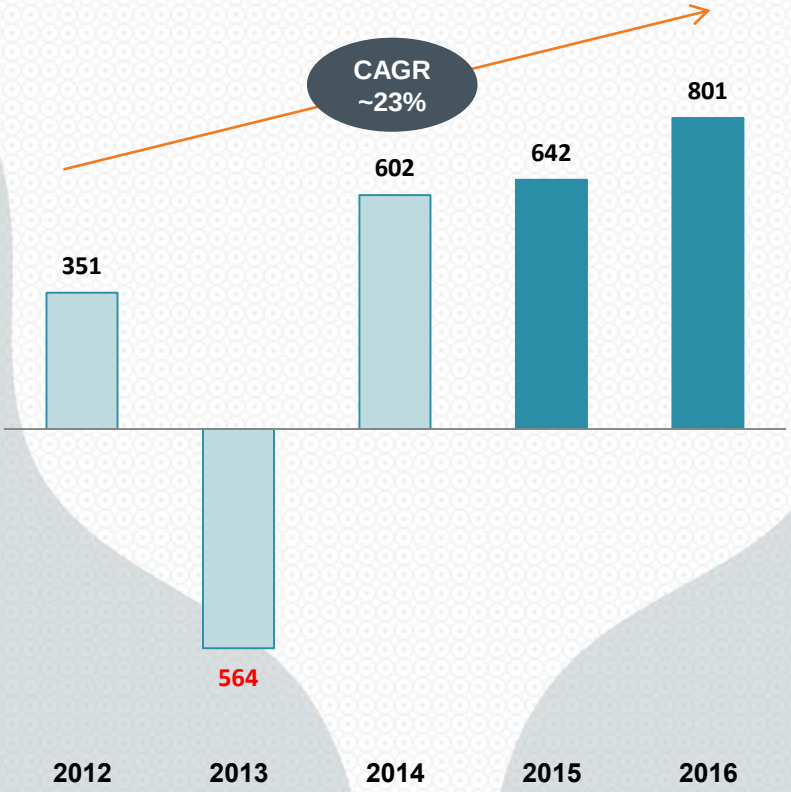
Grew by +4.7% Y/Y (2016 Vs. 2015)



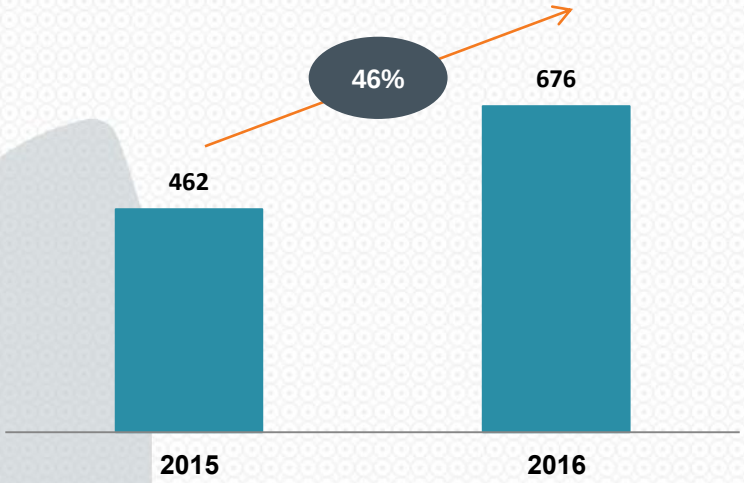
Strong Underwriting Business Performance

Net Income (in SR millions) "Before Zakat"

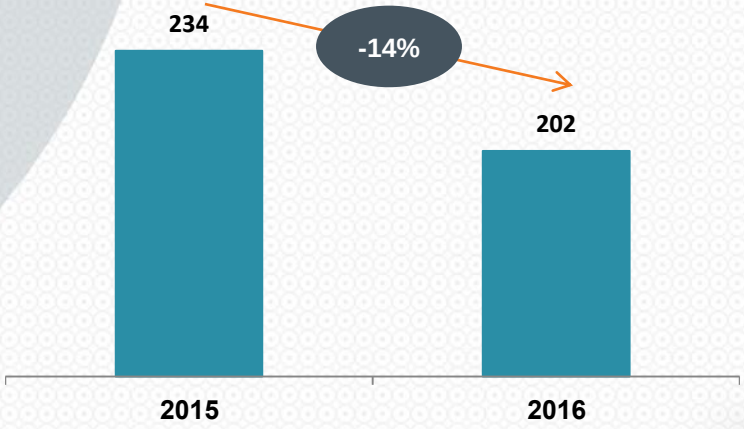
Grew by +24.7% Y/Y (2016 Vs. 2015)



Underwriting Income (in SR millions)



Investment Income (in SR millions)



Q & A

Thank you

Tawuniya التعاونية