



التعاونية
tawuniya

H1 2023 Tawuniya's Earnings Conference Call

🕒 15:30 (Riyadh) | 16:30 (Dubai) | 13:30 (London) | 8:30 (New York)

📅 Tuesday, August 22nd, 2023

www.tawuniya.com

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KSA Insurance Industry

Market Update

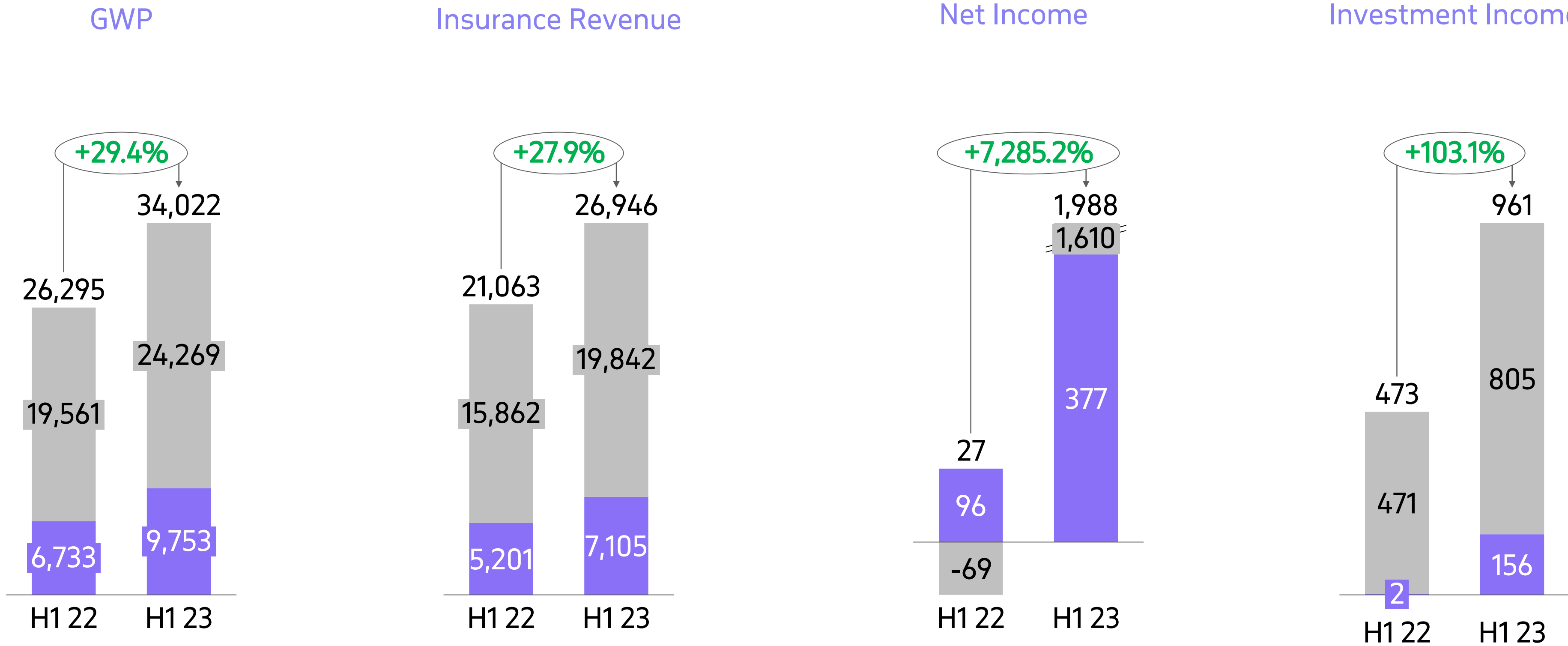
The Cabinet's Decision outlines the creation of a specialized Insurance Authority (IA) entrusted with the crucial role of regulating and supervising Saudi Arabia's insurance sector while enhancing its contribution to the non-oil GDP. This pivotal move aims to cultivate the insurance industry, prioritizing the safeguarding of beneficiaries' and policyholders' interests.

Scheduled to commence operations within 90 days (from August 16th, 2023), the newly established entity will assume the insurance-related responsibilities currently held by SAMA and CHI. By unifying and implementing both existing and new regulations, the Insurance Authority will serve as a dedicated guardian of policyholder and beneficiary rights.

It's worth highlighting that this transition will have no impact on pre-existing policies, claims, or dispute resolution committees, ensuring a seamless continuation of ongoing processes. This momentous decision underscores Saudi Arabia's commitment to fostering a robust and accountable insurance sector for the prosperity of all stakeholders.

H1 2023 Market Performance

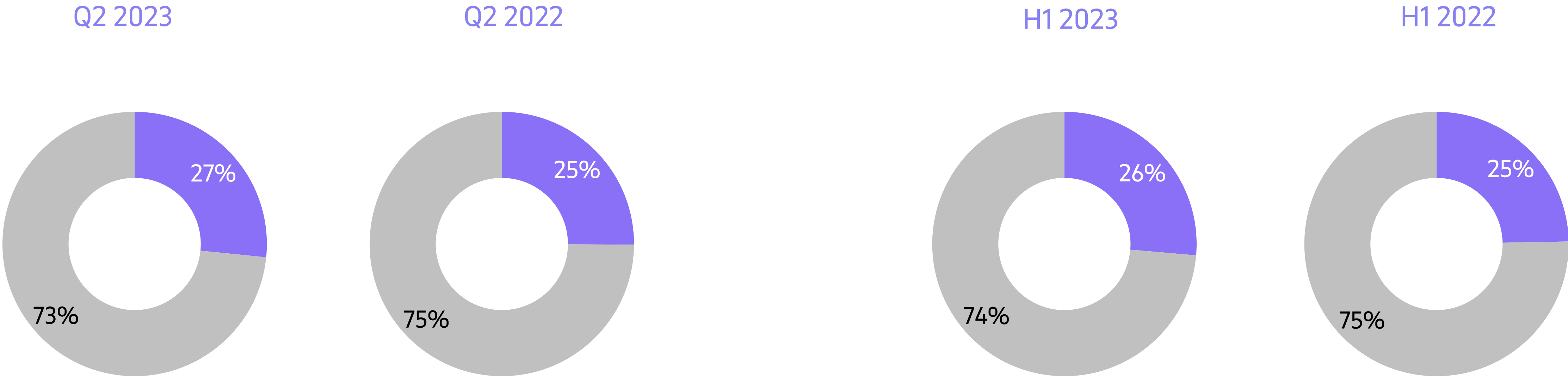
(In SAR' Billion)



Others Tawuniya

Market Performance

Market Share

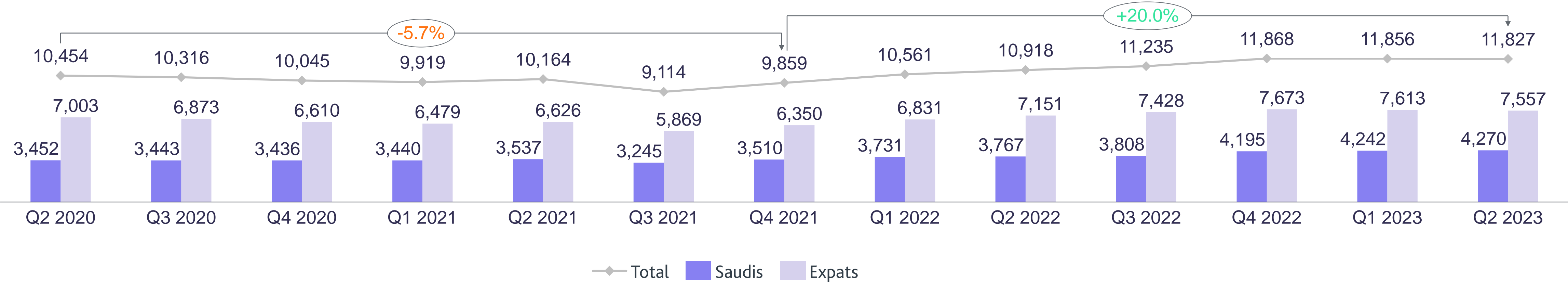


 Tawuniya  Others

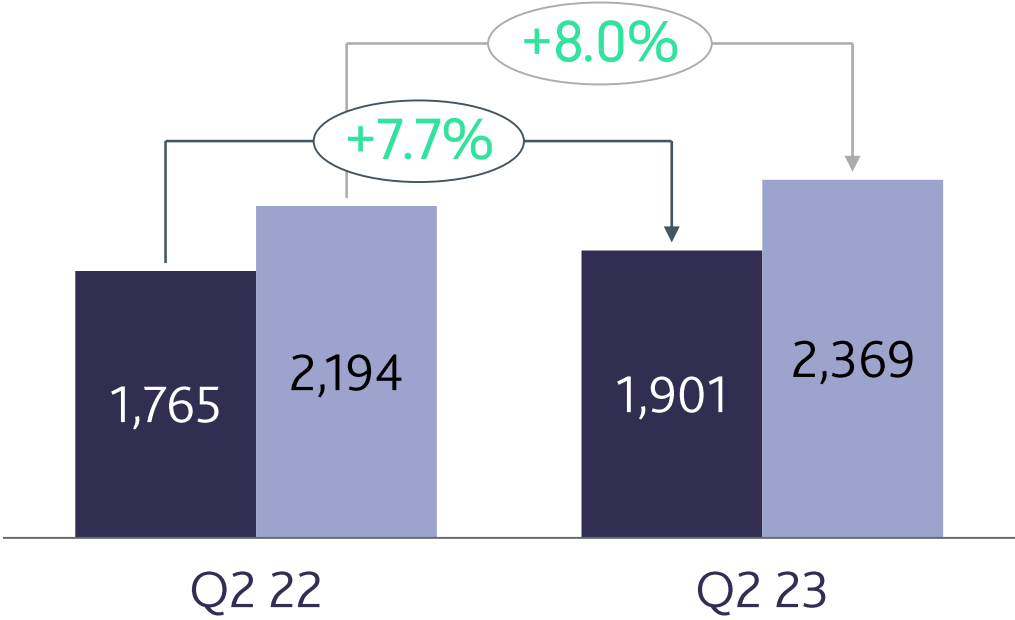
Insured Lives

(In Million)

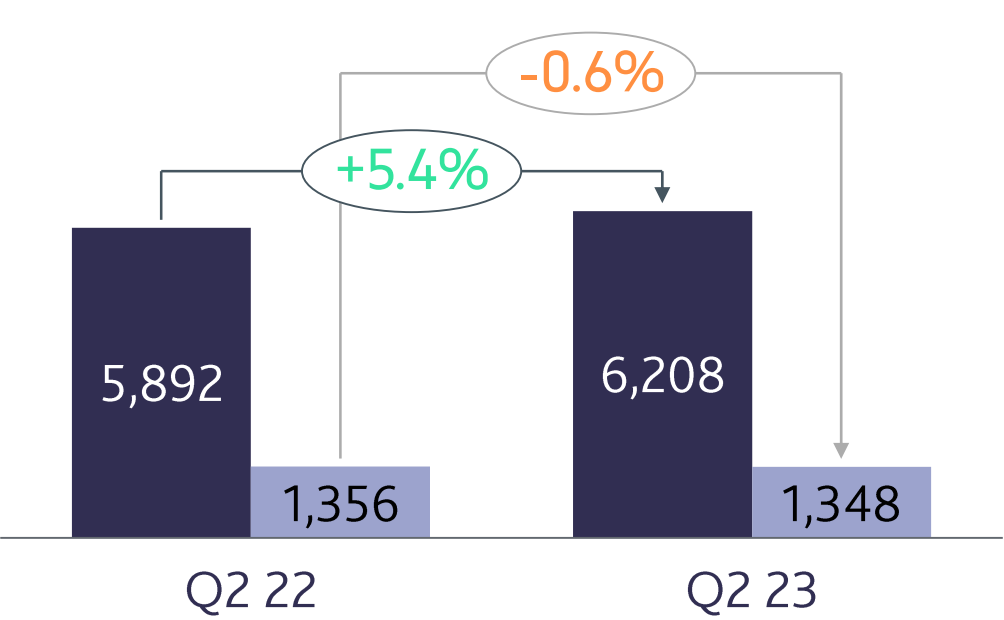
Total Insured Lives



Saudis

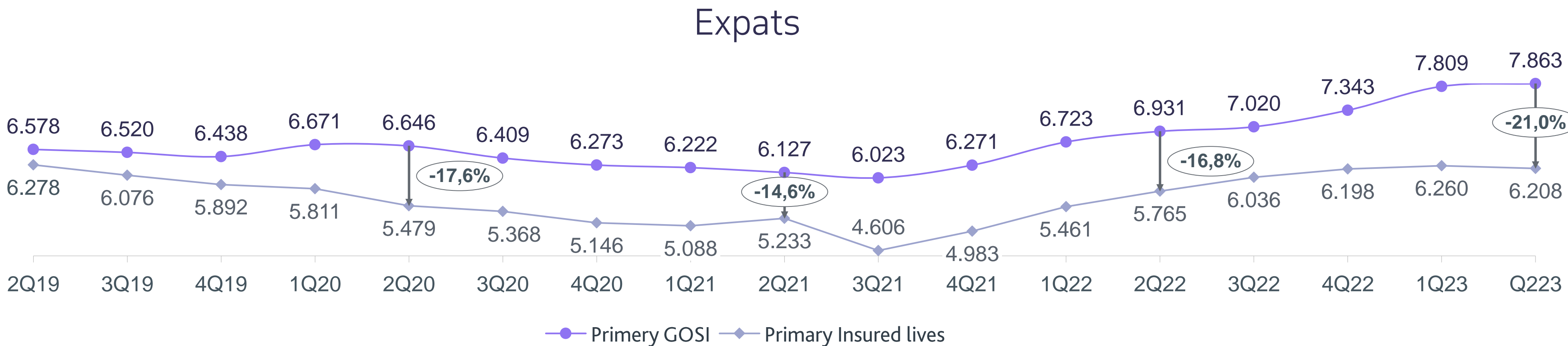
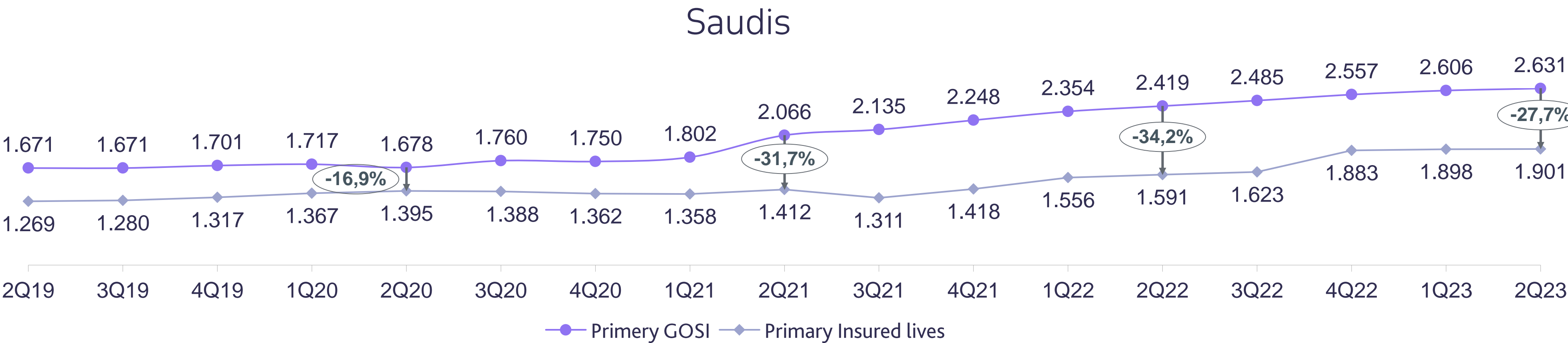


Expats



Gap & Enforcement

(In Million)



Tawuniya Performance

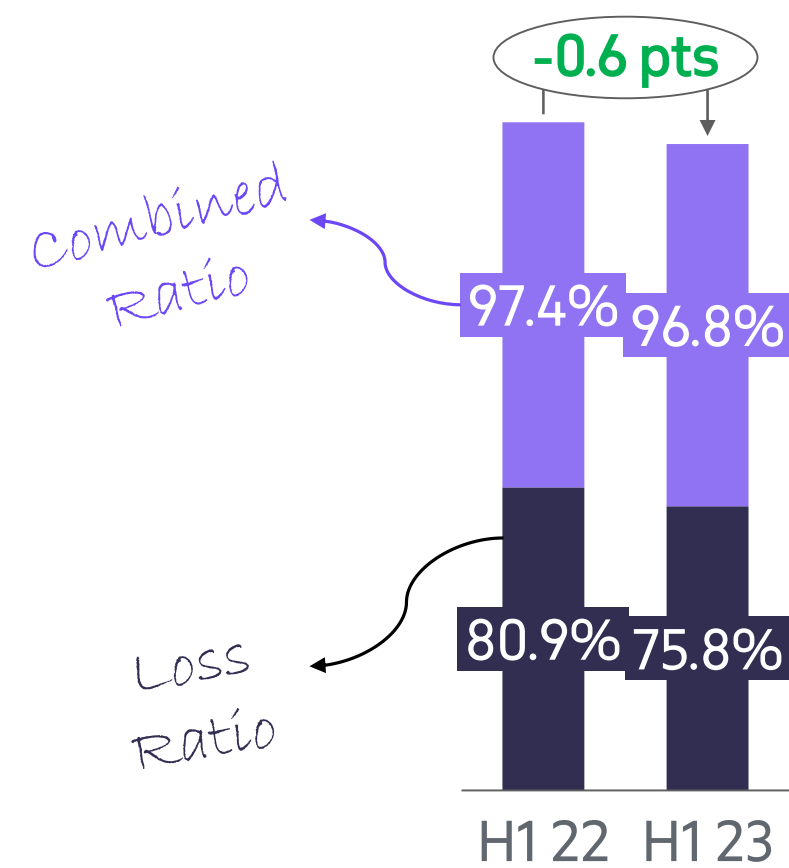
H1 2023 Tawuniya's Results (IFRS 4)

(In SAR' 000,000)



GWP 9,752 45% ▲

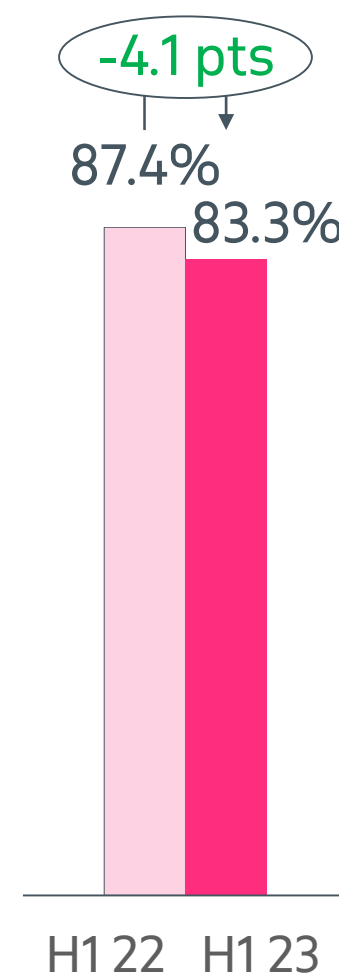
EBT 449 63% ▲



الصحة والحياة
Hēath & Life

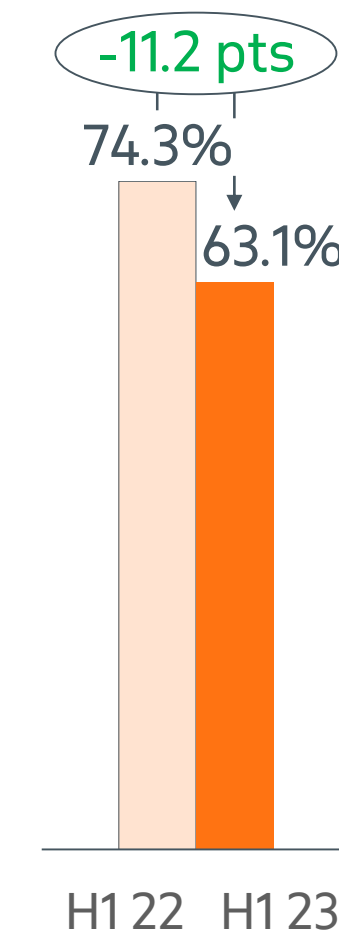
GWP 6,816 38% ▲

Loss Ratio



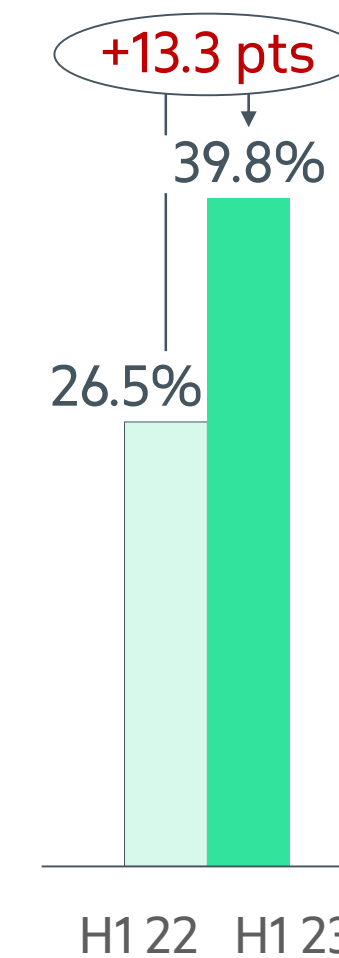
المركبات
Mōbility

GWP 1,273 175% ▲



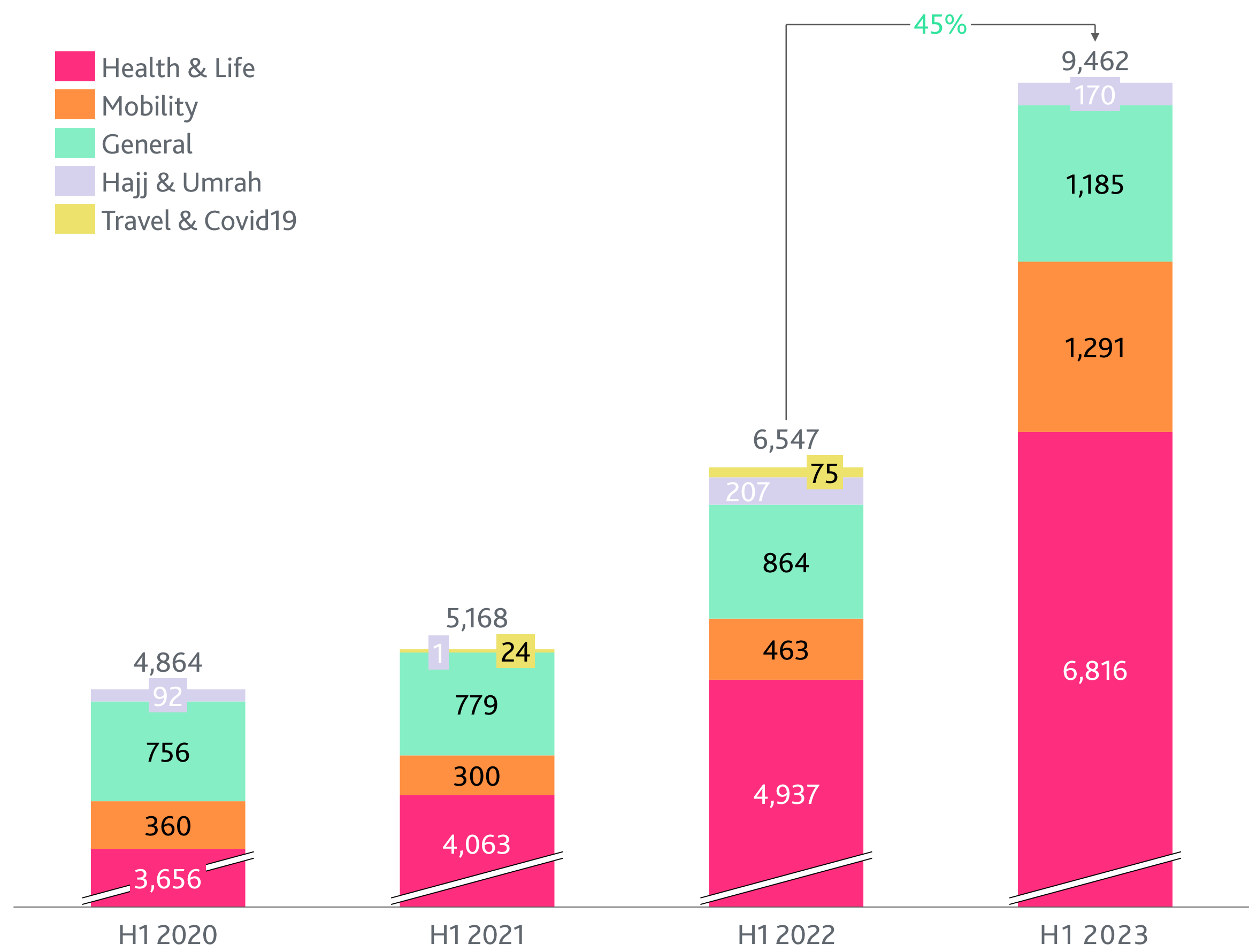
العام
Gēneral

GWP 1,168 35% ▲



H1 Gross Written Premium

(In SAR' 000,000)



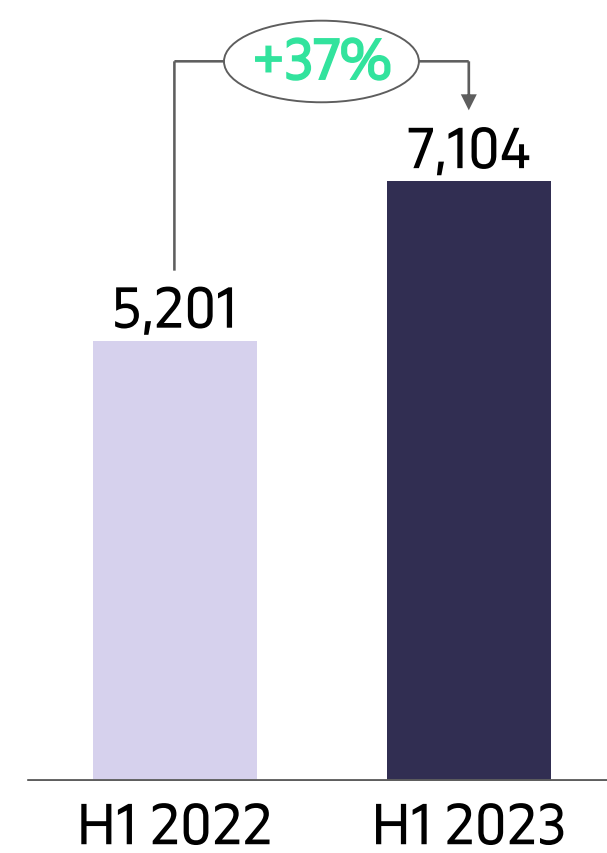
Highlights:

- Overall GWP up 45% from H1 2022
- Health GWP showing growth up to 38% due to new lives insured and price increasing
- Motor up 179% as a result of implementing smart pricing technology
- General insurance up 37% from H1 2022

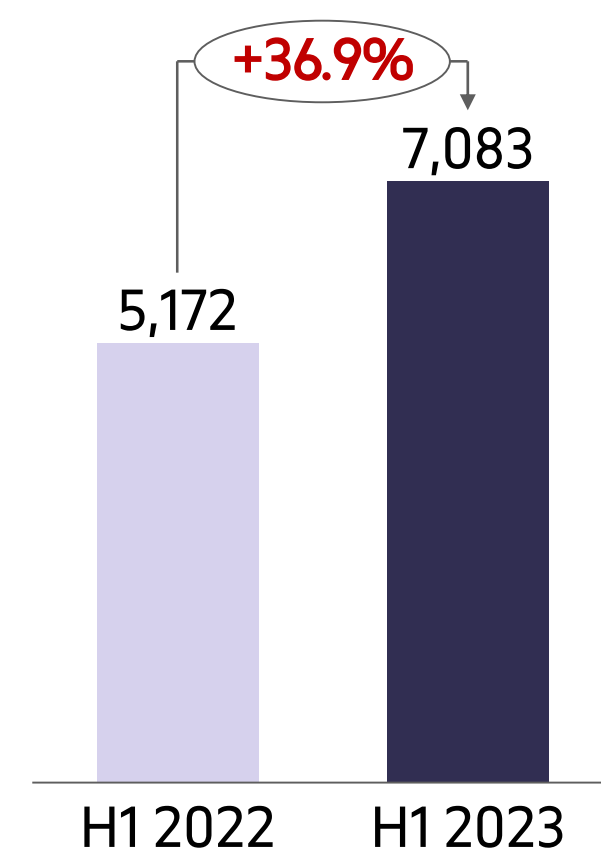
H1 2023 Tawuniya Performance

(In SAR' 000,000)

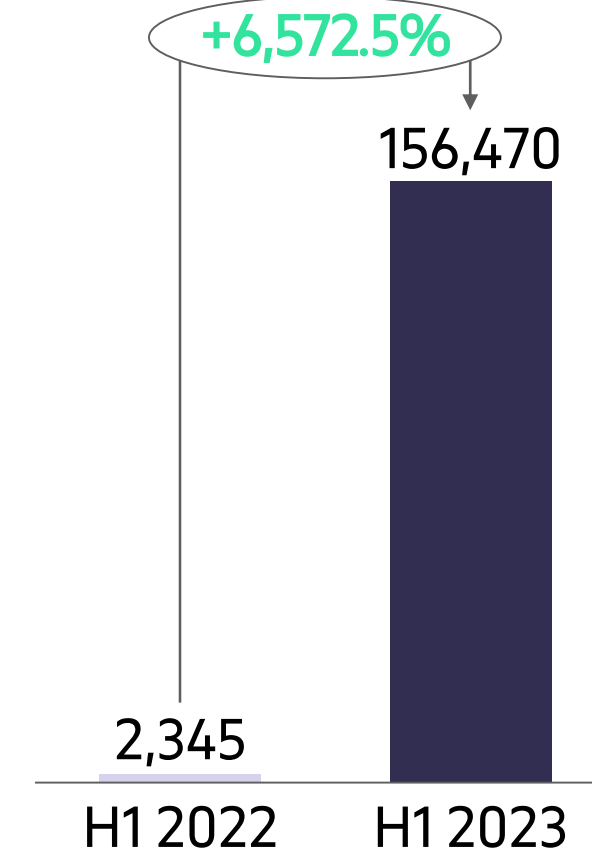
Insurance revenue



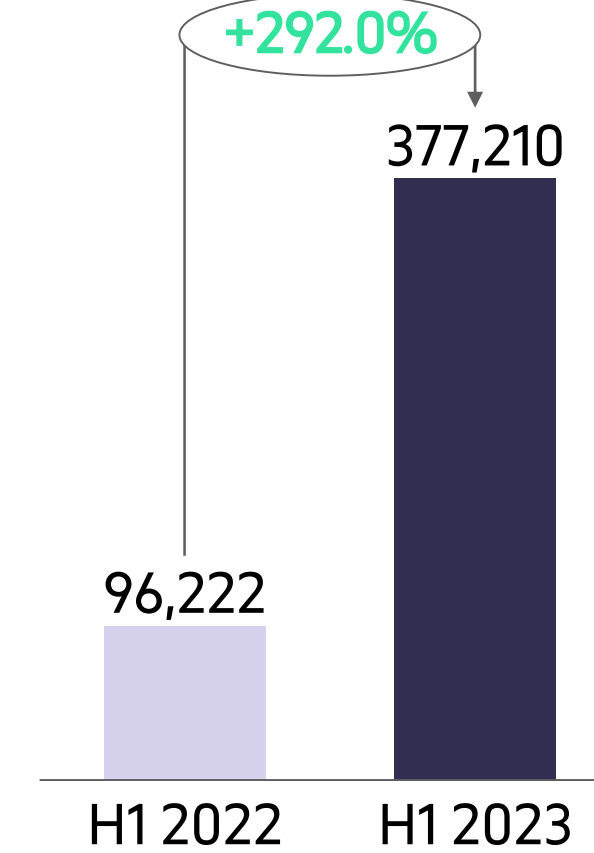
Insurance service expenses



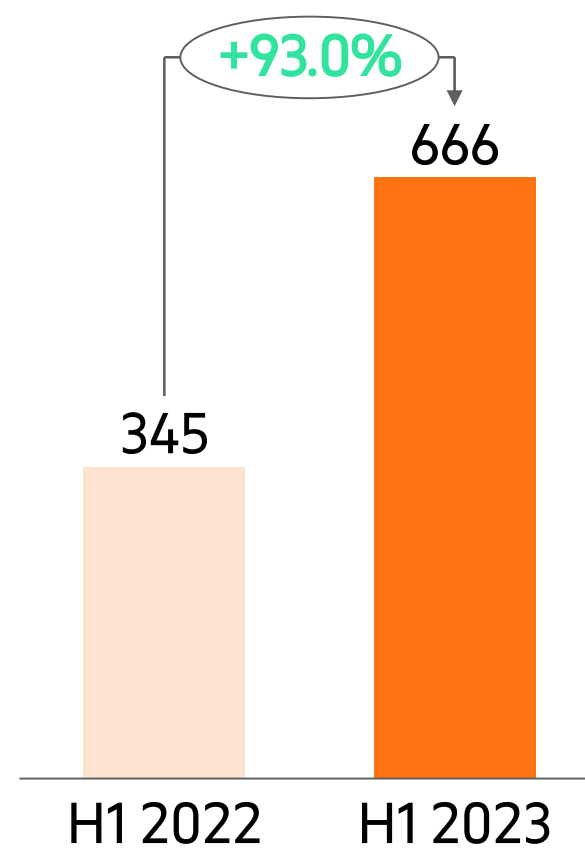
Investment Income



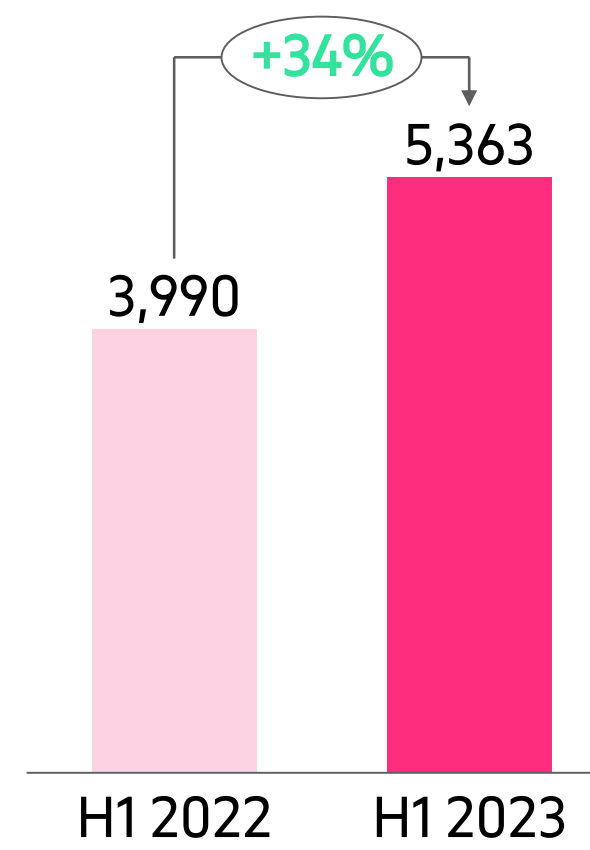
Net Income



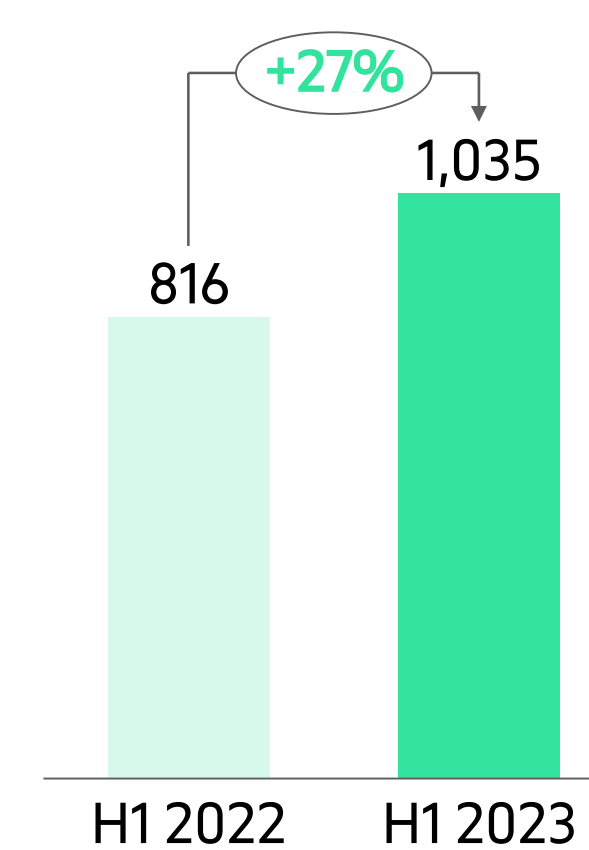
Insurance revenue
Mobility



Insurance revenue
Health and Life



Insurance revenue
General insurance



H1 2023 Tawuniya Performance

Consolidated P&L (IFRS 4 vs. IFRS 17)

| P&L – IFRS 4 | | | |
|--|----------------|----------------|------------|
| Description | H1 '23 | H1 '22 | % |
| Gross premiums written | 9,752 | 6,730 | 45% |
| Net premiums written | 8,463 | 5,785 | 46% |
| Net premiums earned | 6,679 | 4,794 | 39% |
| Reinsurance commissions | 78 | 68 | 14% |
| Total revenues | 6,757 | 4,862 | 39% |
| Net claims and other benefits incurred | (5,066) | (3,878) | 31% |
| Policy acquisition costs | (345) | (217) | 59% |
| Other underwriting expenses | (195) | (84) | 133% |
| Insurance share distribution | (274) | (174) | 57% |
| Total underwriting costs and expenses | (5,879) | (4,353) | 35% |
| Net underwriting income | 878 | 509 | 73% |
| General and administrative expenses | (618) | (380) | 63% |
| Allowance for doubtful debts | (110) | (23) | - |
| Investment income, net | 235 | 154 | 53% |
| Other (expenses) / income, net | 64 | 17 | 285% |
| Net income (before attribution and zakat) | 449 | 276 | 63% |
| Net income attributed to insurance operations | (34) | (24) | 38% |
| Net income (before zakat) | 416 | 252 | 65% |
| Net Loss ratio | 75.8% | 80.9% | (5.1 pts) |
| Expense ratio | 23.1% | 18.3% | 4.8 pts |
| Combined ratio | 96.8% | 97.4% | (0.6 pts) |

| P&L – IFRS 17 | | | |
|--|-------------|-------------|--------------|
| Description | H1 '23 | H1 '22 | % |
| Insurance revenue | 7,105 | 5,201 | 37% |
| Insurance service expenses | (7,083) | (5,172) | 37% |
| Insurance Service Result | 21 | 29 | (27%) |
| Allocation of reinsurance premiums | (950) | (735) | 29% |
| Amounts recoverable from reinsurers for claims | 1,533 | 933 | 64% |
| Reinsurance Service Result | 583 | 199 | 193% |
| Net Insurance Service Result | 604 | 228 | 165% |
| Investment income | 156 | 2 | - |
| Expected credit loss allowance on financial assets | (240) | (87) | 175% |
| Net income on financial assets | (83) | (85) | 2% |
| Insurance Finance income/expense | (106) | 34 | - |
| Reinsurance Finance income/expense | 55 | (29) | - |
| Net insurance financial result | 470 | 148 | 217% |
| Share of profit from equity accounted investments | 17 | 12 | 41% |
| Other operating expenses (non-attributable) | (139) | (82) | 69% |
| Other income (net) | 30 | 19 | 63% |
| Net income (before zakat) | 377 | 96 | 292% |
| Net Loss ratio | 80.6% | 85.2% | (4.7 pts) |
| Expense ratio | 12.9% | 12.0% | 0.9 pts |
| Combined ratio | 93.5% | 97.2% | (3.7 pts) |

H1 2023 Tawuniya Performance

Consolidated P&L - Insurance Service Result (IFRS 17)

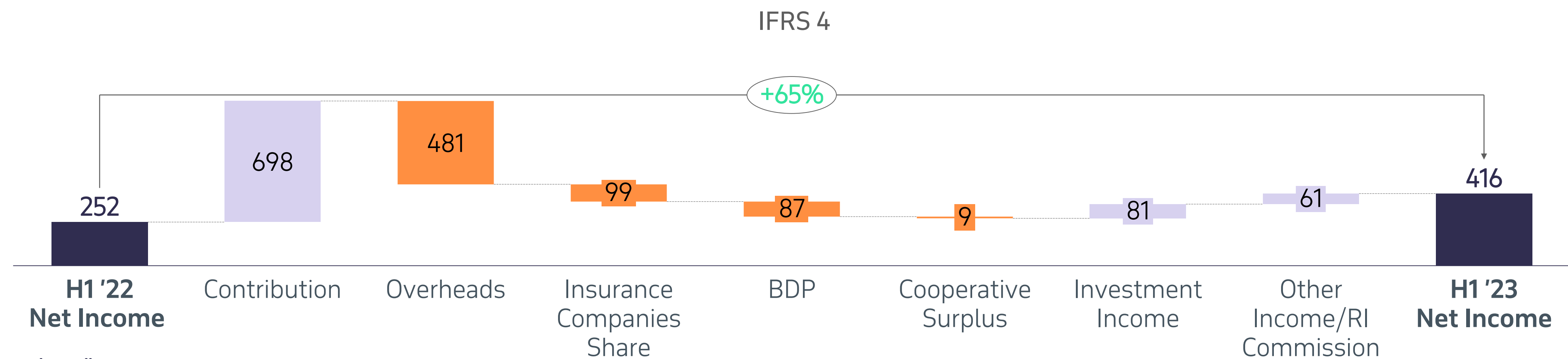
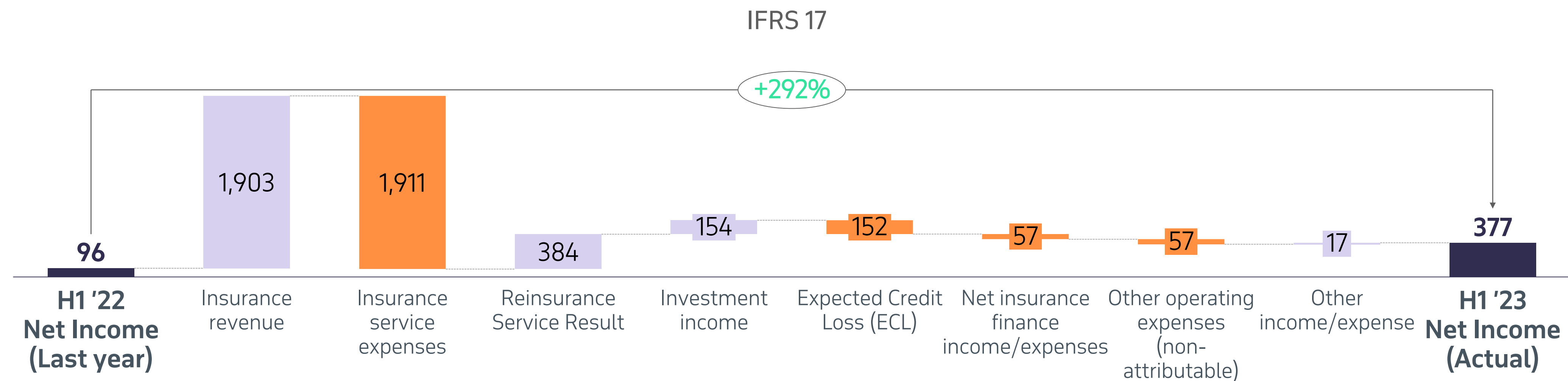
| P&L – IFRS 17 | |
|--|-------------|
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| Other operating expenses (non-attributable) | (139) |
| Other income (net) | 30 |
| Net income (before zakat) | 377 |

| IFRS 17 – Insurance Revenue & Insurance Expense Breakdown | | | |
|---|--------------|--------------|--------------|
| Description | H1 '23 | H1 '22 | % |
| Gross written premiums (GWP)* | 9,753 | 6,733 | 45% |
| Changes in gross unearned premiums | (2,011) | (1,123) | 79% |
| Changes in ECL charge | (6) | (34) | (83%) |
| Shared pool elimination | (632) | (374) | 69% |
| Insurance Revenue | 7,105 | 5,201 | 37% |
| Incurred claims and other directly attributable expenses | 6,265 | 4,671 | 34% |
| Risk adjustment due to incurred claims | 12 | 128 | (91%) |
| Changes that relate to past service | 274 | 70 | - |
| Losses on onerous contracts and reversal of those losses | 64 | (24) | - |
| Amortization of insurance acquisition cash flows | 469 | 328 | 43% |
| Insurance Service Expense | 7,083 | 5,172 | 37% |
| Insurance Service Result | 21 | 29 | (27%) |

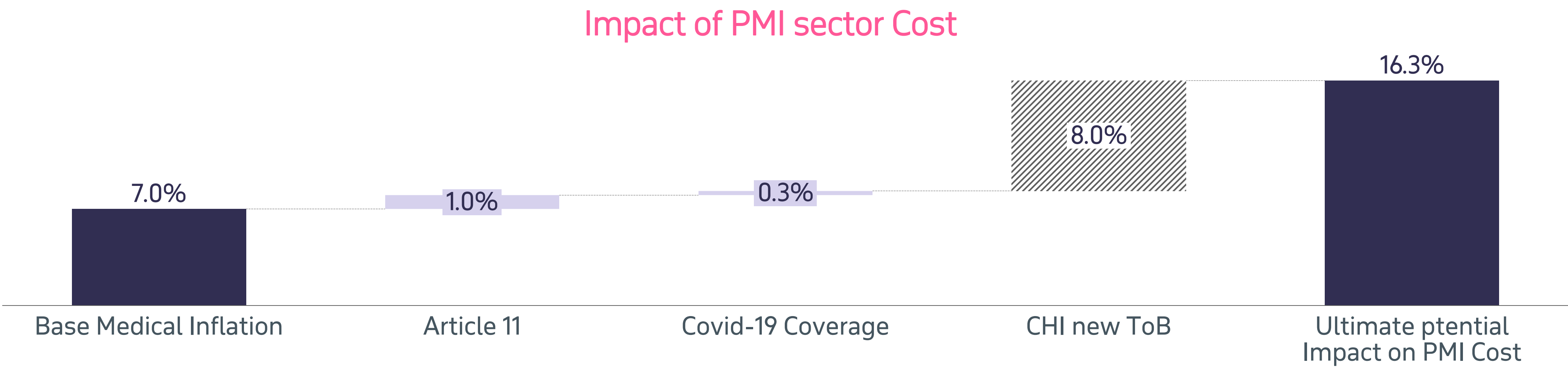
* GWP under IFRS 17 considers Life insurance admin fees, while it is not considered as part of the GWP under IFRS 4

H1 2023 Tawuniya Performance

Waterfall – EBT Movement



Medical Inflation



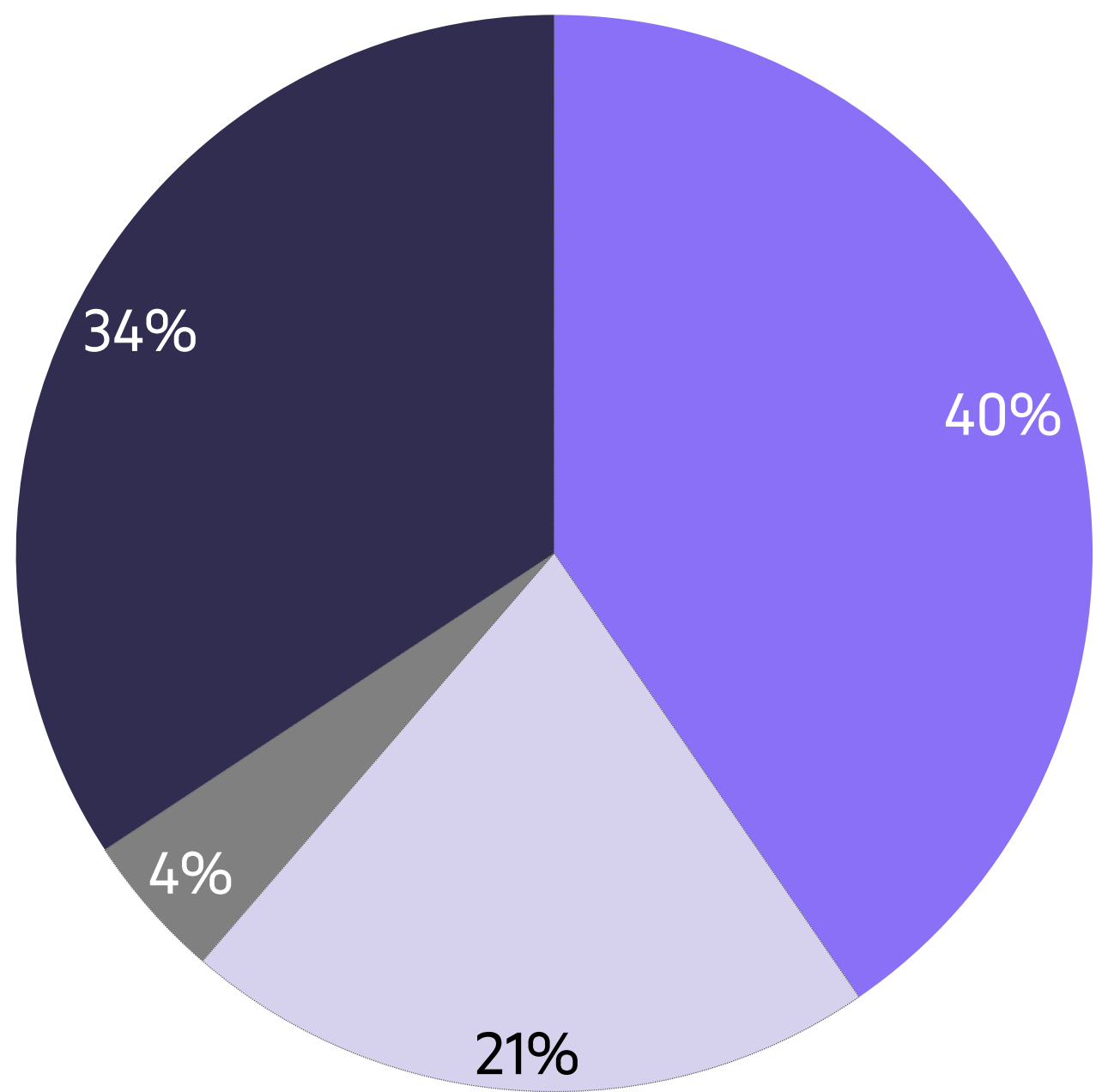
Medical Regulatory Changes

- Medical inflation
Impacted by the change of members and providers behavior following Covid19 pandemic.
- Article 11
CHI require insurance companies to Include all accredited governmental providers to their networks.
- Nphies
total of 210 private healthcare providers are utilizing Nphies 100% at all level of transactions eligibility and claims.
- CHI new ToB
The implementation of the second wave of CHI essential benefit package to be in Oct 2023.
- Expro
"Expenditure and Projects Efficiency Authority" . It is managing all the health insurance purchased by government entities.

H1 2023 Mobility

EP & LR by line of business

Earned Premium



- CO = Comprehensive insurance
- CP =Corporate/Leasing
- SP = Sanad Plus (i.e. TP + Additional Coverage)
- TP = Third Party Coverage

Tawuniya Drive

- 240,000+ registrations since inception
- 60% Active Engagement
- 7M+ SAR Redemption in Rewards
- Driver scores improved by average 12.5% in the first month
- 90% renewal ratio for Drive clients
- Drive clients Loss Ratio 7% Less than the rest of the book



Program Benefits



Value for Money

Weekly Rewards & Discounts

Improve Driving Behavior

Up to 20% Discounts at Anniversary

Impact Alert Technology

Premium installments

6 Months Installments

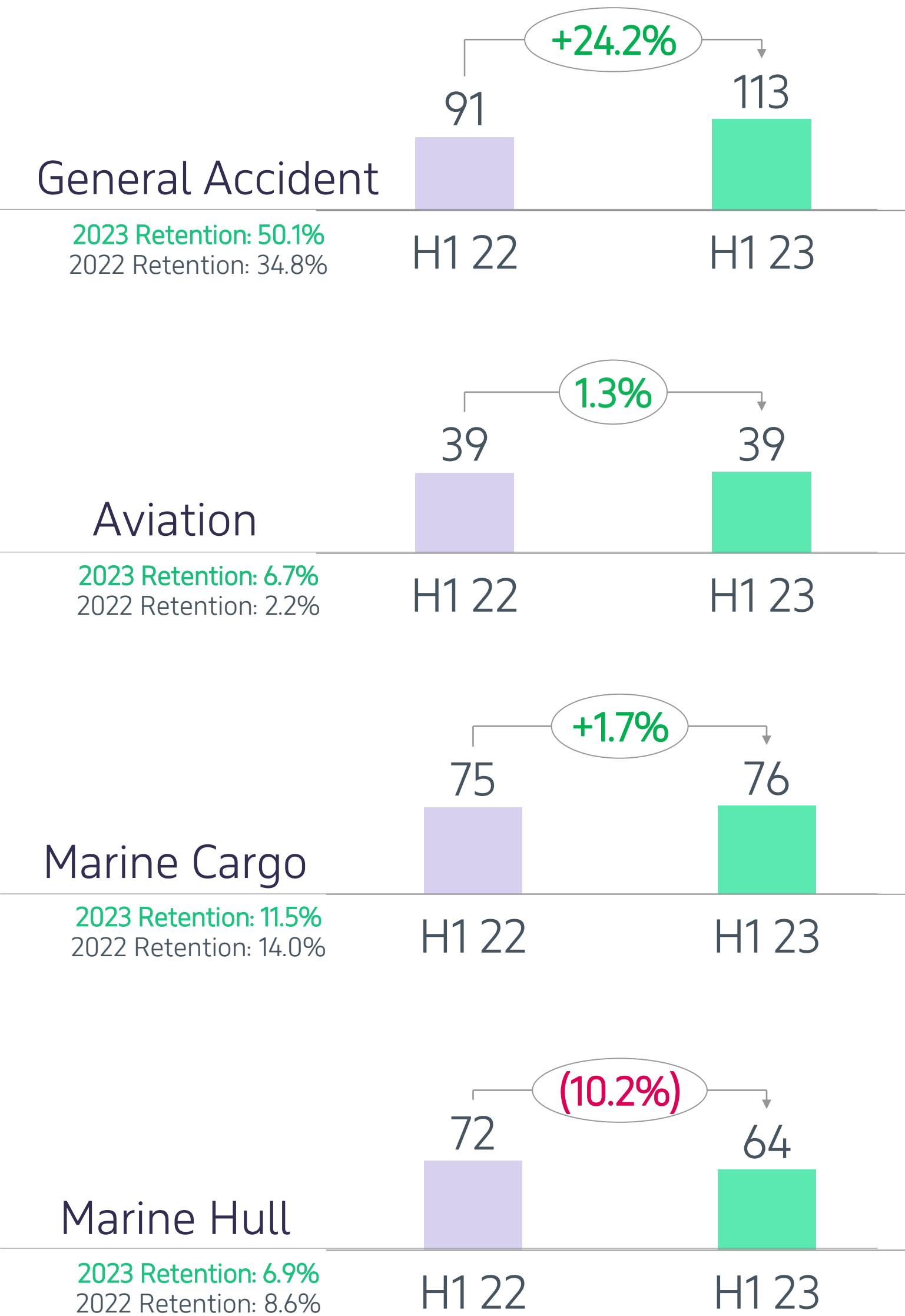
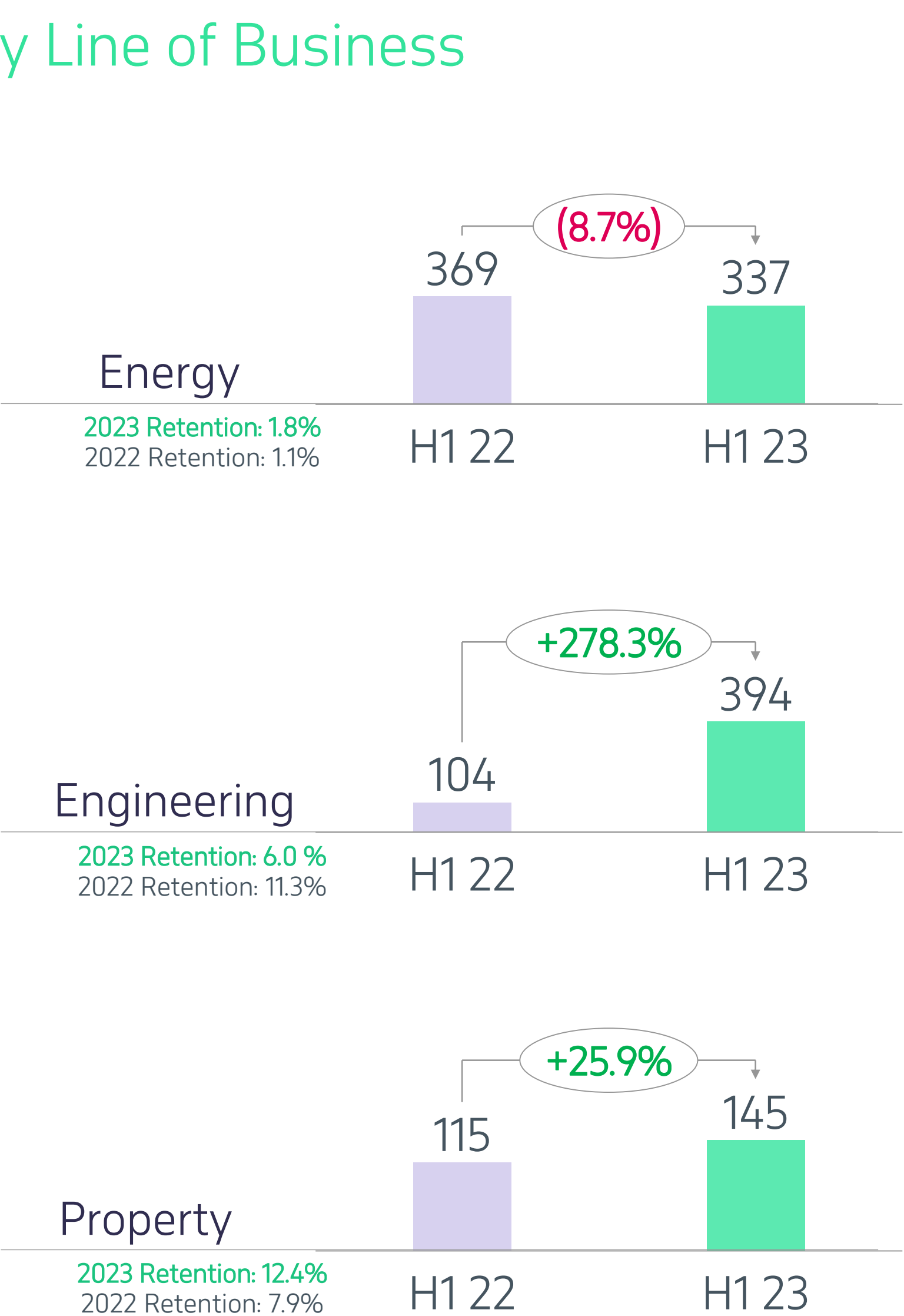


3 Months Installments



H1 2023 General Insurance

Premiums by Line of Business



Company Overview

Reminder from 2025 strategy: Our mission, purpose and four underlying premises

OUR MISSION

(what we will be known for)

Exceed expectations through superior customer experience and service excellence

”

FOUR PROMISES

Extraordinary results

- Grow above market
- Deliver superior returns and sustainable earnings
- Pioneer the Environmental, Social and corporate Governance (ESG) agenda in KSA

Customer centric

Listen to our customers and anticipate their needs through constant innovation
Offer affordable, accessible, high quality solutions for prevention to protection

Operational Excellence

- Provide digital first solutions across journeys and segments
- Bring simple and digital access to a full ecosystem of services
- Champion the insurance digital disruption in KSA

Passionate about our people

- Care for our people as we care for our clients
- Develop a culture of collaboration and results
- Give a platform for personal development, innovative ideas, entrepreneurship and leadership

OUR PURPOSE

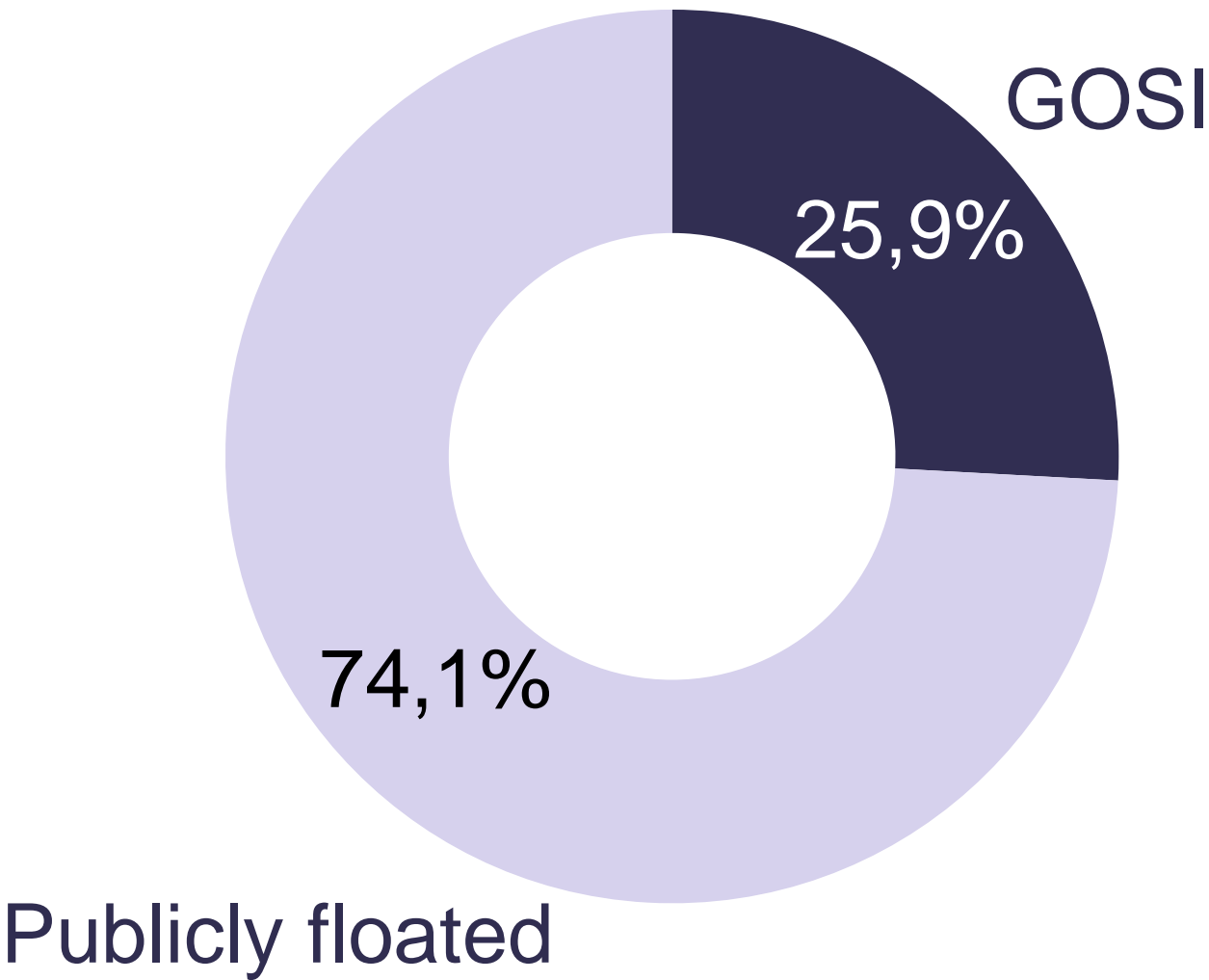
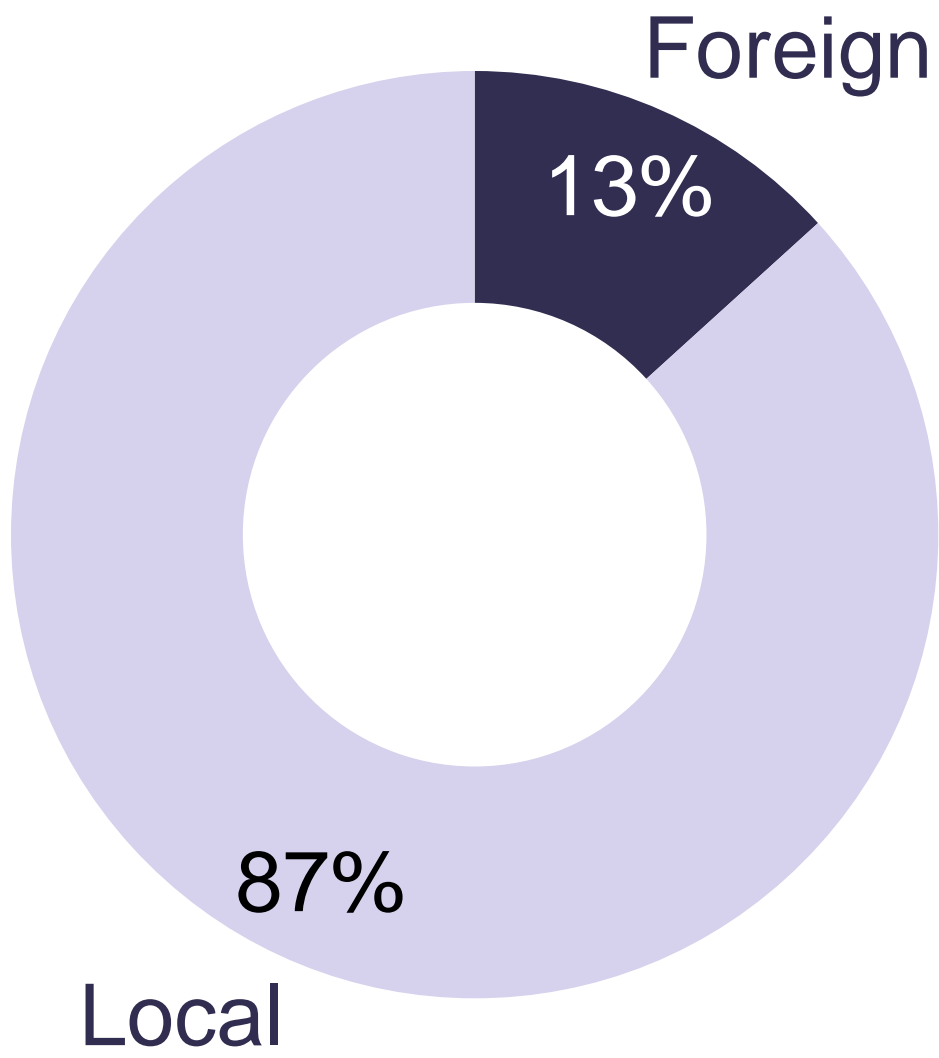
(why we exist)

“

Together for a safer life and bigger dreams



Shareholder Structure

As of Jul 30th, 2023



Credit Rating & Reinsurance Partners

Credit Rating

| | <u>Rating</u> | <u>Outlook</u> |
|--|----------------|----------------|
|  STANDARD & POOR'S RATINGS SERVICES <small>McGRAW HILL FINANCIAL</small> | Solicited (A-) | Stable |
|  FitchRatings | Solicited (A-) | Positive |

Our International Reinsurance Partners



Munich Re is rated "AA-" by S&P



Swiss Re is rated "AA-" by S&P



Covea is rated "AA-" by S&P



Everest Re is rated "A+" by S&P



R+V is rated "A+" by S&P



LLOYD's is rated "A+" by S&P

Clients portfolio

| | | | | | | | | | | | |
|-------------------|---|--|---|---|---|---|---|---|---|---|---|
| FINANCIAL |  |  |  |  |  |  | | | | | |
| TELECOMMUNICATION |  |  |  |  |  |  |  |  |  | | |
| AVIATION |  |  |  |  |  |  | | | | | |
| MANUFACTURING |  |  |  |  |  |  |  | | | | |
| MINING & PETRO. |  |  |  |  |  |  | | | | | |
| OTHER |  |  |  |  |  |  |  |  |  |  |  |

Keep in Touch

Upcoming Events:

- 11-12 Sep - The EFG Hermes Saudi Forum, London
- 28 Aug - EGM, Extraordinary General Assembly Meeting

For More information contact us on:

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Questions



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Thank You



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