



Detailed Analysis of Accumulated losses

Date	09.11.2021
Listed Company Name	AXA Green Crescent Insurance P.J.S.C
Define the period of the financial statements	September 30, 2021
Accumulated losses	AED 80,302 thousand as of 30 th of September 2021
Accumulated losses to capital ratio	40.15%
The main reasons leading to these accumulated losses and their history:	<p>The history of these accumulated losses is analyzed below:</p> <ul style="list-style-type: none"> • Brought forward accumulated losses as at 31 December 2014 amounting to AED 28,438 thousand relates to the Green Crescent Insurance Company, which was prior to the formation of AXA Green Crescent Insurance Company in 2015; • Net Loss of AED 15,444 thousand was incurred during year ended 31 December 2015, mainly attributable to large expense base of AED 20,852 thousand, deducted from underwriting surplus of AED 4,632 thousand and investment income of AED 776 thousand. Furthermore, accumulated losses were adjusted with an amount of AED 68 thousand as charges incurred on conversion of bonds into share capital of the company. • Net Loss of AED 13,910 thousand was incurred during year ended 31 December 2016, mainly attributable to large expense base of AED 21,220 thousand, deducted from underwriting surplus of AED 3,613 thousand and investment income of AED 3,697 thousand; • Net loss of AED 18,904 thousand was incurred during year ended 31 December 2017, mainly attributable to losses on termination of life and savings contract amounting to AED 15,352 thousand; and • Net loss of AED 2,205 thousand was incurred during year ended 31 December 2018, mainly attributable to large expense base 15,434 thousand, deducted from underwriting surplus of AED 7,857 thousand and investment income of AED 5,372 thousand. Furthermore, the opening equity balance of 2018 was re-stated with a downward adjust of AED 2,150 thousand on the adoption of IFRS 9 by the company. • Net Profit of AED 161 thousand as at the year ended 31 December 2019, mainly attributable to prudent underwriting measures taken during the year, even though impairment on one of bonds that the company had invested into, namely EA Partner Bond 1, amounting to AED 1,428 thousand was made during the period. • Net Profit of AED 2.2 m as at 31.12.2020 is predominantly attributable to favorable underwriting margin and better loss ratios for most of its business



	<ul style="list-style-type: none"> Net Loss of AED 0.4m as at 30.06.2021 is largely due to higher net incurred claims received for the period. Net Loss of AED 1.2m is largely due to higher net incurred claims during the 9-month period ended 30 September 2021
Measure to be taken to address accumulated losses	<p>The Company has taken following corrective actions to reduce its accumulated losses:</p> <ul style="list-style-type: none"> The company has appointed a new CEO during the six-month period ended 30 June 2018 and thereafter entirely reviewed its strategic direction. Steps have been taken to control and reduce general and administrative expenses, which are significantly lower than the previous years and reduced against the budget set for the year ended 31 December 2019. Various pricing and monitoring tools and checks have been deployed by the management, by virtue of which, the business is closely monitored on a monthly basis, with corrective actions taken immediately, if required. Change in the team structure with technical resources and creation of a strategy manager position to generate more revenues. New underwriting approach has been applied to improve the quality of underwritten business. Selective in medical business after pruning exercise. Accelerated growth on group life, as it is a profitable line of business with a potential of growth. Recently launched individual protection product, as this line of business has good potential to grow with less competition. Since the life insurance market penetration is low in the country, we will continue exploring other lines of business to diversify sources of revenues and to improve our cross-sell.

Best Regards,

Mohamed Seghir
Chief Executive Officer

