

ALLIED COOPARTIVE INSURANCE GROUP



ACIG
التأمين بأمان

BOD Report
1444-2022

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Chairman's speech

Dear Shareholders

Greetings,

In my name and on behalf of the directors, I am pleased to present to you the annual report for 2022, which indicates the company's performance and the results of its main activities, as well as the financial statements for the fiscal year ending on December 31, 2022. We are grateful to Allah Almighty for the achievements, and we look forward to the best in the coming years, Allah willing.

On my own behalf and on behalf of the Honourable directors, I extend my sincere thanks to you and all the relevant regulatory and governmental authorities and all employees of the company for the support and efforts contributed to the achievements within 2022.

Allah is the Arbiter of Success,,,

Yasser Mohamed Nasser Al Jarallah
Chairman

Board of Directors and supporting committees

Board of Directors:

1. Mr. Yasser Mohamed Al Jarallah	Chairman
2. Mr. Fayez Saleh bin Mahfouz	Vice Chairman
3. Mr. Ali Yahya Al-Jaafari	Managing Director
4. Mr. Abdul Rahman bin Hassan Al-Amoudi	Director
5. Mr. Khalid Majid Al-Rasheed	Director
6. Mr. Abdullah Abdul Rahman Al Sheikh	Director
7. Mr. Abdullah Mohamed Al-Qahtani	Director
8. Mr. Mohamed Mohsen Balharith	Director
9. Mr. Mohamed Jihad Al-Rasheed	Director
10. Mr. Mohamed Ibrahim Al-Rasheed	Director

Executive Committee:

1. Mr. Fayez Saleh bin Mahfouz	Chairman
2. Mr. Ali Yahya Al-Jaafari	Member
3. Mr. Mohamed Mohsen Balharith	Member

Review Committee:

1. Mr. Abdullah Abdul Rahman Al Sheikh	Chairman
2. Mr. Bassam Mohamed Al-Baqawi	Member
3. Mr. Ibrahim Ahmed Al-Azeq	Member
4. Ms. Al-Hanouf Abdul-Jabbar Al-Abd Al-Jabbar	Member

Nominations and Remuneration Committee:

1. Mr. Abdul Rahman bin Hassan Al-Amoudi	Chairman
2. Mr. Mohamed Jihad Al-Rasheed	Member
3. Mr. Khalid Majid Al-Rasheed	Member

Investment Committee:

1. Mr. Ali Yahya Al-Jaafari	Chairman
2. Mr. Fayez Saleh bin Mahfouz	Member
3. Mr. Abdul Rahman bin Hassan Al-Amoudi	Member

Risk Management Committee:

1. Mr. Mohamed Mohsen Balharith	Chairman
2. Mr. Mohamed Jihad Al-Rasheed	Member
3. Mr. Abdullah Mohamed Al-Qahtani	Member
4. Mr. Mohamed Ibrahim Al-Rasheed	Member

Sharia Committee:

1. Sheikh Dr. Youssef bin Abdullah Al-Shubaily	Chairman
2. Sheikh Dr. Ibrahim Abdullah Al-Brahim	Member
3. Sheikh Dr. Mohamed bin Abdullah Al-Amer	Member
4. Lawyer Dr. Khalid bin Majid Al-Rasheed	Member

BOD Report

First: Main Activities:

Allied Coopartive Insurance Group (ACIG), as a Public Joint-Stock Company, implements cooperative insurance business, according to the permit issued by the Central Bank of Saudi Arabia No. (TMN/21/20095) on 15/5/1430, corresponding to 11/5/2009. The permit was renewed for three consecutive years, as the last renewal of the permit expires on 12/05/1445.

The main activity of the company shall include specifying: health insurance and public insurance, which includes vehicle insurance, property insurance against fire, theft, damage and the like, marine insurance, engineering insurance, and general accident insurance.

These main activities effect on the company's business volume and its contribution to the results is as follows:

	Activity revenues Value in SAR	Percentage
Vehicles	566,972.00	68.25%
Medical	215,209.00	25.91%
General Accidents	25,752.00	3.10%
Engineering	678.00	0.08%
Fire	19,886.00	2.39%
Marine	2,152.00	0.26%
Other	45.00	0.01%
Total	830,694	100%

Second: A description of the company's significant plans and decisions and future expectations of the company's business:

The Company signed a non-binding Memorandum of Understanding (the "MOU") with Amana Cooperative Insurance Company on 07/02/1444H (corresponding to 03/09/2022G) to evaluate a potential merger between the two companies. As per the said announcement, both companies will conduct technical, financial, legal and actuarial due diligence and engage in non-binding discussions on the terms and conditions of the potential merger. The two companies have initially agreed that the methodology used for valuation will be based on equity book value (after any mutually agreed due diligence adjustments). On 15-03- 1444 AH (corresponding to 11-10-2022) ,the Company announced the appointment of Alinma Investment Company as financial advisor and PWC to assess the company's financial position for the purposes of the feasibility of merging with Amana Cooperative Insurance Company.

Allied Coopartive Insurance Group (ACIG) reformed the organizational structure to reduce expenses and improve the course of action effectively, accordingly all work policies and procedures were updated. In addition, targeting balanced insurance portfolios at the level of the insurance sector and customers, rather than focusing on a specific product.

Moreover, the company's updated strategic plan for the next five years (2023-2027) was approved, and flexible mechanisms for follow-up and achievement of goals were adopted.

On November 1, 2022, Mr. Mohamed Abdel Rahman Abdullah Al-Hamidi was appointed as a Director of Human Resources.

On November 27, 2022, Mr. Abdullah Ahmed Abdullah bin Mashoor was appointed as a Head of the Information Technology Department.

On June 6, 2022, Mr. Ali Yahya Ali Mohamed Al-Jaafari was appointed as a Managing Director.

On August 18, 2022, Mr. Mohamed Abdullah Qazi was appointed as the CEO of the company.

On September 14, 2022, Tawfiq Ali Al-Koli, was appointed as CEO Vice President for Financial Affairs and Investment.

Mr. Hatem Mohamed Al-Wabel - Head of Internal Audit resigned on September 29, 2022.

Mr. Firas Mohamed Suleiman Al-Hamdan - Head of Compliance and Anti-Money Laundering resigned on March 31, 2022.

The termination of the contract was agreed upon by the parties, Mr. Majed Ahmed Hussein Al Yamani - Senior Director of the Human Resources and Administrative Affairs Department on May 19, 2022.

The contract was terminated on Article (77), Mr. Abdul Aziz Fari'an Musbel Al-Salami Al-Enezi - CEO Vice President of the Vehicles Sector on July 21, 2022.

Services were terminated within the trial period, Mr. Yasser Saleh Ibrahim Al-Nasrallah - Chief Information Security Officer on April 28, 2022.

The contract of Mr. Magdy Ahmed Hassan Omran - Senior Information Technology Consultant was terminated on June 10, 2022.

Non-renewal of a contract upon the request of the employer, Mr. Abdel Salam Nasser Abdullah Abaaoud - Head of Actuarial Services on November 27, 2022.

Mr. Abdullah Abdulrahman Khalaf Al-Husni Al-Mutileq, Director of Compliance and Governance, resigned on June 20, 2022.

On September 1, 2022, for Mr. Abdullatif Saud Al-Khathlan, the title was changed from Complaints Handling Officer to Senior Compliance and Anti-Money Laundering Specialist therefore, the duties of Director of the Department were assigned.

Future expectations for the company's business:

1. Developing the business of the telephone sales unit by using artificial intelligence mechanisms for all products, which contributes to facilitating communication mechanisms and renewing documents in addition to reducing costs.
2. Developing a unit specialized in direct marketing according to advanced digital mechanisms.
3. Developing electronic sales professionally to facilitate the customer experience, this contributes to the development of services and increases sales.
4. Developing many different products that satisfy customer needs and contribute to increasing sales.
5. Continuing to develop mechanisms and programs through price comparison sites.
6. Continuing to intensify training courses for sales staff across the Kingdom on the terms and conditions of sale for insurance companies.
7. Work on marketing campaigns for some insurance products for individual segments, which comply with all provisions and conditions of the Saudi Central Bank.
8. Work on increasing electronic marketing campaigns with the aim of increasing sales of non-compulsory products.

Third: Summary of Financial Results:

The table below shows a summary of the financial statements for the fiscal year ending on 31/12/2022, which are as follows:

1. Summary of the company's financial statements (numbers in thousands of riyals)

Statement	2022	2021	2020	2019	2018
Insurance operations assets	728,031	539,373	447,022	408,038	407,425
Shareholders' assets	176,707	85,131	160,388	154,792	144,791
Total assets	904,738	624,504	607,410	562,830	552,216
Total insurance operations liabilities	730,463	540,910	447,022	408,869	407,785

Shareholders' liabilities	11,964	51,558	13,693	10,333	6,783
Shareholders' equity	164,743	33,573	146,695	144,459	138,008
Total liabilities and shareholders' equity	176,707	85,131	160,388	154,792	144,791
Total written premiums	830,694	592,588	515,117	529,352	500,013
Net written premiums	730,454	514,057	449,460	470,867	456,012
Total revenue	598,781	489,075	455,793	473,101	450,305
Total claims paid	495,929	430,130	382,842	399,682	346,972
Net claims incurred	480,280	411,850	339,932	361,308	324,781
General expenses	82,364	82,469	76,591	79,932	79,150
Investment income and other income from insurance operations	6,227	1,539	2,150	4,605	4,157
Surplus (deficit) in insurance operations less return on investments of policyholders (operational results)	(31,518)	(105,549)	2,420	668	4,347
Net profit (loss) for the year	-13,300	-114,584	3,546	7,115	2,358

2. The following are some financial indicators and ratios for the previous numbers:

Statement	2022 Value in thousand riyals	2021 Value in thousand riyals	Changes value Value in thousand riyals	Changes ratio
Insurance operations assets	728,031	539,373	188,658	35%
Shareholders' assets	176,707	85,131	91,576	108%
Total assets	904,738	624,504	280,234	45%
Total insurance operations liabilities	730,463	540,910	189,553	35%
Shareholders' liabilities	11,964	51,558	(39,594)	-77%
Shareholders' equity	164,743	33,573	131,170	391%
Total liabilities and shareholders' equity	176,707	85,131	91,576	108%

3. Significant differences in operating results:

Statement	2022 Value in thousand riyals	2021 Value in thousand riyals	Changes value Value in thousand riyals	Changes ratio
Total written premiums	830,694	592,588	238,106	40%
Net written premiums	730,454	514,057	216,397	42%
Total revenue	598,781	489,075	109,706	22%
Total claims paid	495,929	430,130	65,799	15%
Net claims incurred	480,280	411,850	68,430	17%
General expenses	82,364	82,469	(105)	0%
Investment income and other income from insurance operations	6,227	1,539	4,688	305%
Surplus (deficit) in insurance operations less return on investments of policyholders (operational results)	(31,518)	(105,549)	74,031	-70%
Net profit (loss) for the year	-13,300	-114,584	101,284	-88%

The reason for the decrease in net loss within the current year compared to the previous year is due to the increase in the total written insurance premiums at 40%, the increase in the net written insurance premiums at 42%, the increase in the net earned insurance premiums at 20%, the increase in the net profits resulting from the investments of policyholders funds at 305% and the decrease in net profits resulting from the investments of shareholders' funds at 83%.

The company sells all types of general and health insurance. The following is an analysis of the volume of business performed by the company within 2018-2022:

Name	2022 (Value in thousand riyals)	2021 (Value in thousand riyals)	2020 (Value in thousand riyals)	2019 (Value in thousand riyals)	2018 (Value in thousand riyals)
Fire insurance	19,886	19,141	20,843	14,520	9,258
Engineering insurance	678	7,255	6,500	1,997	2,845
Marine insurance	2,152	2,620	2,413	2,620	1,656
General insurance	25,752	20,592	19,316	15,902	9,360
Cars insurance	566,972	383,498	339,229	354,693	323,683
Health insurance	21,5208	159,483	126,710	139,036	152,751
Other types of insurance	46	-1	106	584	460
Total	830,694	592,588	515,117	529,352	500,013

4. The following is the geographical analysis of business volume

Region name	Value in thousand riyals (2022)
Central Region	325,289
Western Region	309,895
Eastern Province	96,614
Northern area	30,707
Southern area	68,189
Total	830,694

Fourth: Regular Disclosures:

1. The applied provisions of the Corporate Governance Regulations, the non- applied provisions and the reasons.

The company shall, through the Internal Audit Department and the Compliance Department, follow up on the issuance of all laws and regulations and ensure their implementation in accordance with the requirements set by the regulatory authorities. The Compliance Department shall follow up on communication with the regulatory authorities to verify full compliance and the company complied with all contained in the corporate governance regulations issued by the Capital Market Authority. Whereas, in the first Extraordinary General Assembly meeting, held on Monday evening 21/7/1433, corresponding to 11/6/2012, the Assembly agreed to add Article (37) to the Company's Articles of Association, which is concerned with cumulative voting in the general assemblies of shareholders. According to the company's Articles of Association and internal regulations, shareholders shall be entitled to:

- Obtaining a share of the profits to be distributed.
- Obtaining a share of the company's assets upon liquidation.
- Attending the general assemblies and participating in their deliberations and voting on their decisions.
- Disposal on shares.
- Monitoring the works of the Board of Directors and filing a liability lawsuit against the directors.
- Inquiring and requesting information in a way failed to harm the interests of the company, and failed to contradict the market system and executive regulations.

The Ordinary General Assembly met on Monday 07/04/1439 corresponding to 25/12/2017 and approved the amendments and additions to the company's corporate governance regulations, according to the corporate

governance regulations issued by the Saudi Capital Market Authority, considering the corporate governance regulations for Insurance Companies issued by the Central Bank of Saudi Arabia.

The company shall apply all the provisions contained in the corporate governance regulations issued by the Capital Market Authority, **excluding the provisions listed below:**

Article/Paragraph No.	Article/Paragraph	Reasons for non-application
Article (24) (Paragraph c)	The Board of Directors shall clearly define the powers of each of the Chairman, Vice Chairman and the managing director - if any - and their responsibilities if the company's Articles of Association failed to provide the same.	There are powers for the Chairman in the Articles of Association of the company, and work shall be done to prepare a policy that includes the powers of the Vice Chairman
Article (85)	The company shall set programs to develop and motivate the participation and performance of the employees of the company, which include - in particular – as follows: 1. Forming committees or holding specialized workshops to hear the views of the employees of the company and discuss with them the issues and topics subject matter of significant decisions. 2. Programs for granting employees shares in the company or a share of the profits it achieves, retirement programs, and the establishment of an independent fund to spend on these programs. 3. Establishing social institutions for the company's employees.	Article is indicative
Article (87)	The Ordinary General Assembly shall - based on a proposal from the Board of Directors - set a policy that ensures a balance between its objectives and those that the community aspires to achieve, with the aim of developing the social and economic conditions of the community.	Article is indicative
Article (88)	The Board of Directors shall set programs and determine the means necessary to launch the company's initiatives in the field of social work, including as follows: 1) Establishing measurement indicators linking the company's performance with the initiatives it offers in social work, and comparing the same with other companies with similar activity. 2) Disclosure of the objectives of social responsibility adopted by the company to its employees and educating them in this regard. 3) Disclosure of plans to achieve social responsibility in periodic reports related to the company's activities. Developing awareness programs for the community to introduce the company's social responsibility.	Article is indicative
Article (95)	In case the Board of Directors forms a committee specialized in corporate governance, it shall delegate to the later the powers stipulated in Article (94) of these regulations. This committee shall follow up on any issues related to governance applications and provide the Board of Directors, at least annually, with reports and recommendations it reaches.	Article is indicative

2. Profit Distribution Policies:

The company works to implement the policies mentioned in the company's articles of association, and related to the distribution of shareholders' profits in Article (46) and with reference to Paragraph (45), related to zakat and reserves, as follows:

Article (45): Zakat and reserves:

The company must:

1. Avoiding zakat and the prescribed income tax.
2. Set aside (20%) of the net profits to form a statutory reserve, and the Ordinary General Assembly may stop this set aside once the total reserve reaches (100%) of the paid-up capital.
3. The Ordinary General Assembly, when determining the share of shares in the net profits, may decide to form other reserves, to the extent that achieves the interest of the company or guarantees the distribution of fixed profits as much as possible to the shareholders.

4. The company's annual net profits shall be distributed after deducting all general expenses and other costs and forming the necessary reserves to face doubtful debts, investment losses, investment losses and contingent liabilities that the Board of Directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the Central Bank, and a percentage of the remainder of the profits after deducting the reserves determined according to the relevant regulations and zakat, not less than (5%) of the paid-up capital for distribution to the shareholders according to what is proposed by the Board of Directors and decided by the General Assembly, If the remaining percentage of the profits due to the shareholders is not sufficient to pay this percentage, the shareholders may not claim to pay it in the following year or years, and the General Assembly may not approve the distribution of a percentage of the profits that exceeds what was proposed by the Board of Directors.

Article (46): Entitlement to Profits:

The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision indicates the date of entitlement and the date of distribution. Dividends shall be payable to shareholders registered in shareholders' records at the end of the day specified for the entitlement. The company shall inform the Capital Market Authority without delay of any decisions to distribute profits or recommend it, and the profits to be distributed to shareholders shall be paid at the place and times determined by the Board of Directors, in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Central Bank of Saudi Arabia.

4. The names of the directors, committee members, and executive management, their current and previous positions, and their qualifications and experience.

a. Directors:

S. N.	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Mr. Yasser Muhammad Al Jarallah	Co-founder and CEO - Tharwa Investment Company - United Arab Emirates - 2005 - to date. Co-Founder and Board Member of VC Bank Bahrain - 2009- to date. -Member of the Board of Directors of Inmaa Medical Services LLC. -Member of the Board of Directors of The Saudi Investment Bank 2019- to date. -Tharwa Gulf Holding Company - Saudi Arabia 2018 – to date.	- Founder and board member listed in ADX - Meethaq Takaful Insurance - Authorized by FSA, UK- Advanced Emerging Capital UK- 2005-2012. - Co-Founder Analyst - Pi Capital - USA - 2003-2006. - Co-founder and CEO - Tharwa Al Khaleej General Trading Company - LLC UAE - 2006-2011. - Co-founder and CEO - Hadaf Al Jazeera General Trading - United Arab Emirates - 2006-2011. - Member of the Board of Directors licensed by the Central Bank of Bahrain - VC Bank Bahrain - 2012-2018.	Bachelor / Master - Economics - USC USA - 2005. *Qualification: Financial Options Workshop - UK 2008. - Endowment Fund - Corporate Governance - Central Bank of Bahrain - 2014. - Endowment Fund - Corporate Governance - Central Bank of Bahrain 2016.	Finance and investment.
2	Mr. Fayez Saleh bin Mahfouz	General Manager - Tharwa Gulf Holding 01/06/2020 to date.	- Deputy General Manager - Saleh Bin Mahfouz Trading Corporation - 1999-2000. - Investment Management - Riyadh Bank - 2000-2004. - Investment and Stocks Department - Banque Saudi Fransi 2004-2006. - Investment Manager – Al Asila Solutions - 2006-2018.	Bachelor of Business Administration - King Saud University - 1999. - Administrative Consultant - Ministry of Commerce 1441 AH.	Finance and investment.
3	Mr. Ali Yahya Al-Jaafari	- Chairman of the Board of Directors of Sharqiyah Development Co. 2020 to date. - Managing Director of Allied Cooperative Insurance Group - ACIG.	- Head of Accounts - Saudi Arabian Agricultural Bank - 1987-1993. - Financial and Administrative Director - National Tourism Company - 1993-1998. - Director of Financial Affairs and Investment - Al-Jarallah Group for Trading and Contracting 1998-2004.	- Bachelor of Accounting - King Saud University 1407. - Financial Advisor - Ministry of Commerce 1426 AH. - Membership of the Saudi Organization for Certified Public Accountants - 1414 AH.	Finance and investment.

			- Owner of Al Moasher Center for Financial Consultations 2004-2020.		
4	Mr. Abdul Rahman Hassan Al-Amoudi	Executive Director - Saudi Baneyah Company.	Accountant - Robert Half International – Boston. Accountant – El Menwal Industry & Trading Est. Deputy General Manager - El Menwal Industry & Trading Est. General Manager - El Menwal Industry & Trading Est.	Bachelor's degree - Financial Management.	Experience in accounting, public administration and executive management.
5	Mr Khaled Majid Al-Rasheed	Lawyer - AlRasheed Law Firm.	Faculty member - Higher Institute of Judiciary.	Bachelor's degree – Sharia. Master - Jurisprudence PhD - Judicial Studies.	Judiciary and legal profession.
6	Mr. Abdullah Abdul Rahman Al Sheikh	General Manager of Financial Affairs, Al Rajhi Endowment	General Manager of Financial Affairs, Saudi Medical Care Group.	- Bachelor of Accounting (King Saud University). - Accounting and Management (University of Aberdeen). - Financial certificate (Institute of Financial Advisers).	- Director General of Financial Affairs at the General Organization of King Faisal Specialist Hospital and Research Center. - Director of Internal Audit in the Saudi Stock Exchange (Tadawul). - Director and audit committees in several companies.
7	Mr. Abdullah Muhammad Al-Qahtani	Owner and Chairman of the Board of Directors of both Samek Plastic Factory Company RTL Logistics Company.	1. Al Wahida Al Estshara Company- business evaluation. 2. Fouz Plastic Products Factory - Founder and CEO. 3. Orange Business Services - Project Management Consultant, for Smart Cities Industry. 3. Saudi Electricity Company - Information Technology Consultant. 4. Al Raha Technical Services Group - Information Technology Consultant.	MBA, University of Portsmouth, UK. - Bachelor of Computer Engineering, King Fahd University of Petroleum and Minerals.	Experience in information technology and networks field.
8	Mr. Mohamed Mohsen Balharith	Risk Manager Finzi Financing Company.	1. Credit Operations Manager, First Tamweel Company. 2. Risk Manager, First Finance Company. 3. Operational Risk Management Audit Supervisor, Riyadh Bank. 4. Banking Operations Officer, Riyadh Bank.	Bachelor of Business Administration, King Abdulaziz University.	Experience in banking and financial services.
9	Mr. Muhammad Jihad Al-Rasheed	Sales Manager at TUV Group in Osteria.	1. Head of Strategy at Medgulf Saudi Arabia. 2. Head of the Sales and Marketing Department at the Arabian Shield Company. 3. Head of Business Development at Al Rajhi Takaful. 4. Director of corporate sales at the Arabian Shield Company. 5. Director of Investor Relations and Quality Assurance at Deutsche Gulf. Head of Department - Statistics and Information Unit at Riyadh Bank.	Bachelor of Information Systems, King Saud University.	Experience in banking, financial and insurance services.
10	Mr. Muhammad Ibrahim Al-Rasheed	CEO of Al Swailem Group.	1. General Manager of Mohammed Abdullah Al-Areed Co. Ltd. 2. Operations Manager, Mohammed Abdullah Al-Areed Co. Ltd.	• MBA - Finance - Prince Sultan University. • Bachelor of Science, Business Administration - Project Management and Sustainability - California State University, Chico.	Experience in several fields.

b. Committee members:

Review Committee

S.N	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Abdullah bin Abdul Rahman Al Sheikh	General Manager of Financial Affairs, Al Rajhi Endowment.	General Manager of Financial Affairs, Saudi Medical Care Group.	<ul style="list-style-type: none"> - Bachelor of Accounting (King Saud University). - Master of Accounting and Management (University of Aberdeen). - Financial certificate (Institute of Financial Advisers). 	<ul style="list-style-type: none"> - Director General of Financial Affairs at the General Organization of King Faisal Specialist Hospital and Research Center. - Director of Internal Audit in the Saudi Stock Exchange (Tadawul). - Director and audit committees in several companies
2	Bassam bin Mohamed Al-Baqawi	BMP General Manager	CEO of Investment House Company	<ul style="list-style-type: none"> - Bachelor of Accounting (Qassim University). - Master of Accounting (University of Arkansas). - American Fellowship of Certified Public Accountants. - Fellowship of Certified Public Accountants, Saudi Organization for Certified Public Accountants. - Consultations in the field of zakat and tax (Saudi Organization for Certified Public Accountants). 	<ul style="list-style-type: none"> - Deputy General Manager and Board Secretary of Aseer Company. - Investment Manager at Gulf International Bank. - Auditor in Al-Fouzan and Banga Chartered Accountants. - Senior Assistant Auditor at PricewaterhouseCoopers. - Faculty member at the Institute of Public Administration.
3	Ibrahim bin Ahmed Al-Azeq	The company's executive partner, Ibrahim Al-Azek and Huda Al-Zailai Chartered Accountants & Auditors.	<ul style="list-style-type: none"> - Financial Controller at the General Auditing Bureau - Director of Revenue Department at Etihad Etisalat (Mobily) Company - Financial Director at the Industrial Cities and Technology Zones Authority 	<ul style="list-style-type: none"> - SOCPA Certified Public Accountant - Certified bankruptcy trustee - Certified bankruptcy expert - Licensed approved by the Off-Plan Sale Committee - Master's degree in Accounting Sciences from King Saud University 	<ul style="list-style-type: none"> - Participation in the final accounts committees of a number of ministries and agencies. - Reviewing the number of accounts of ministries and government departments. - Participation in committees of the panel of Experts in the Council of Ministers. - Evaluating the performance of a number of public institutions and bodies. - Consultant to a number of companies and government agencies. - Reviewing and auditing companies' accounts for the purpose of issuing a local content authority certificate. - Liquidation of a number of companies and legacies - An expert in all courts and submitting reports of Judicial Expert.
4	Al-Hanouf Abdul-Jabbar Al-Abd Al-Jabbar	Director of the Board's Business Coordination Department	Director of the Internal Audit Department	<ul style="list-style-type: none"> - Bachelor of Computer Science (Princess Noura University). - High Diploma in Auditing and Internal Control (College of Continuing Education, Al-Yamamah University). - Master of Business Administration (King Saud University). 	10 Years

Nominations and Remuneration Committee:

S.N	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Abdul Rahman bin Hassan Al-Amoudi	Executive Director - Saudi Baneyah Company.	Accountant - Robert Half International – Boston. Accountant – El Menwal Industry & Trading Est. Deputy General Manager - El Menwal Industry & Trading Est. General Manager - El Menwal Industry & Trading Est.	Bachelor's degree - Financial Management.	Experience in accounting, public administration and executive management.
2	Mohamed Jihad Al-Rasheed	Chief Sales Officer - TUV Osteria Shanghai Branch Co., Ltd	Head of Strategic Planning - Dr. Kaif Saudi Arabia Corporate Sales Manager - Arabian Shield Cooperative Insurance Company Head of Business Development - Al Rajhi Cooperative Insurance Company Head of Sales and Marketing - Arabian Shield Cooperative Insurance Company General Manager of Strategic Planning - The Mediterranean and Gulf Insurance and Reinsurance Company	Bachelor's degree - Computer - Information Systems	Strategic planning, business development and sales
3	Khalid bin Majid bin Abdul Rahman Al-Rasheed	Lawyer - AlRasheed Law Firm.	Faculty member - Higher Institute of Judiciary.	Bachelor's degree – Sharia. Master - Jurisprudence PhD - Judicial Studies.	Judiciary and legal profession.

Risk Management Committee

S.N	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Mr. Mohamed Balharith	Risk manager- Finzi Finance Company	Credit Operations Manager, Tamweel Aloula Company Risk Manager, Tamweel Aloula Company Operational Risk Management Audit Supervisor, Riyadh Bank Banking Operations Officer, Riyadh Bank	Bachelor of Business Administration, King Abdulaziz University	Experience in banking and financial services
2	Mr. Mohamed bin Jihad Al-Rasheed	Sales Manager at TUV Group in Osteria.	Head of Strategy at Medgulf Saudi Arabia. Head of the Sales and Marketing Department at the Arabian Shield Company. Head of Business Development at Al Rajhi Takaful. Director of corporate sales at the Arabian Shield Company. Director of Investor Relations and Quality Assurance at Deutsche Gulf. Head of Department - Statistics and Information Unit at Riyadh Bank.	Bachelor of Information Systems, King Saud University.	Experience in banking, financial and insurance services.
3	Mr. Mohamed bin Ibrahim Al-Rasheed	CEO of Al Swailem Group.	General Manager of Mohammed Abdullah Al-Areed Co. Ltd. Operations Manager, Mohammed Abdullah Al-Areed Co. Ltd.	<ul style="list-style-type: none"> MBA - Finance - Prince Sultan University. Bachelor of Science, Business Administration - Project Management and Sustainability - California State University, Chico. 	Experience in several fields.
4	Mr. Abdullah bin Mohamed Al-Qahtani	Owner and Chairman of the Board of Directors of both Samek Plastic Factory Company RTL Logistics Company.	Al Wahida Al Estshara Company- business evaluation. Fouz Plastic Products Factory - Founder and CEO. Orange Business Services - Project Management Consultant, Smart Cities. Saudi Electricity Company - Information Technology Consultant. Al Raha Technical Services Group - Information Technology Consultant.	<ul style="list-style-type: none"> MBA, University of Portsmouth, UK. Bachelor of Computer Engineering, King Fahd University of Petroleum and Minerals. 	Experience in information technology and networks field.

Investment Committee

S.N	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Mr. Ali Yahya Al-Jaafari	- Chairman of the Board of Directors of Sharqiyah Development Co. 2020 to date. Managing Director of Allied Cooperative Insurance Group - ACIG.	- Head of Accounts - Saudi Arabian Agricultural Bank - 1987-1993. - Financial and Administrative Director - National Tourism Company - 1993-1998. - Director of Financial Affairs and Investment - Al-Jarallah Group for Trading and Contracting 1998-2004. - Owner of Al Moasher Center for Financial Consultations 2004-2020.	- Bachelor of Accounting - King Saud University 1407. - Financial Advisor - Ministry of Commerce 1426 AH. Membership of the Saudi Organization for Certified Public Accountants - 1414 AH.	Finance and investment.
2	Mr. Fayez Saleh bin Mahfouz	General Manager - Tharwa Gulf Holding 01/06/2020 to date.	- Deputy General Manager - Saleh Bin Mahfouz Trading Corporation - 1999-2000. - Investment Management - Riyadh Bank - 2000-2004. - Investment and Stocks Department - Banque Saudi Fransi 2004-2006. - Investment Manager – Al Asila Solutions - 2006-2018.	- Bachelor of Business Administration - King Saud University - 1999. - Administrative Consultant - Ministry of Commerce 1441 AH.	Finance and investment.
3	Mr. Abdul Rahman Hassan Al-Amoudi	Executive Director - Saudi Baneyah Company.	Accountant - Robert Half International – Boston. Accountant – El Menwal Industry & Trading Est. Deputy General Manager - El Menwal Industry & Trading Est. General Manager - El Menwal Industry & Trading Est.	Bachelor's degree - Financial Management.	Experience in accounting, public administration and executive management.

Executive Committee

S.N	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Mr. Fayez Saleh bin Mahfouz	General Manager - Tharwa Gulf Holding 01/06/2020 to date.	- Deputy General Manager - Saleh Bin Mahfouz Trading Corporation - 1999-2000. - Investment Management - Riyadh Bank - 2000-2004. - Investment and Stocks Department - Banque Saudi Fransi 2004-2006. - Investment Manager – Al Asila Solutions - 2006-2018.	- Bachelor of Business Administration - King Saud University - 1999. - Administrative Consultant - Ministry of Commerce 1441 AH.	Finance and investment.
2	Mr. Ali Yahya Al-Jaafari	- Chairman of the Board of Directors of Sharqiyah Development Co. 2020 to date. Managing Director of Allied Cooperative Insurance Group – ACIG- Finance and investment	- Head of Accounts - Saudi Arabian Agricultural Bank - 1987-1993. - Financial and Administrative Director - National Tourism Company - 1993-1998. - Director of Financial Affairs and Investment - Al-Jarallah Group for Trading and Contracting 1998-2004. - Owner of Al Moasher Center for Financial Consultations 2004-2020.	- Bachelor of Accounting - King Saud University 1407. - Financial Advisor - Ministry of Commerce 1426 AH. Membership of the Saudi Organization for Certified Public Accountants - 1414 AH.	Finance and investment.
3	Mr. Mohamed Mohsen Balharith	Risk Manager Finzi Financing Company.	Credit Operations Manager, First Tamweel Company. Risk Manager, First Finance Company. Operational Risk Management Audit Supervisor, Riyadh Bank. Banking Operations Officer, Riyadh Bank.	Bachelor of Business Administration, King Abdulaziz University.	Experience in banking and financial services.

C. Executive management

S.N	Name	Current jobs	Previous jobs	Qualification	Experience
1	Mohamed bin Abdullah Al-Qadi	CEO ALLIED COOPARTIVE INSURANCE GROUP	<ul style="list-style-type: none"> * Regional Manager of the Central Cooperative Region * Marketers Department Manager – Cooperative * Regional Subscription Manager for the Central Region - Cooperative. * Commercial Insurance Subscription Manager – Cooperative * Senior Subscription & Customer Relations Officer - Cooperative 	<ul style="list-style-type: none"> * Bachelor of Marketing (1992) * Diploma in Customer Satisfaction & it's contribution to Profit (1995) * COP - London (1996) * PIC - London (2004) * Several advanced international courses in subscription and strategic management (2004-2011) * Certified Trainer Certificates (2014) 	<ul style="list-style-type: none"> * Design of insurance products. * Study the insurance market and forecasts. * Proliferation and expanding markets. * Preparing budgets and strategic plans. * Managing the technical department subscription and claims. * Sales and Marketing Management. * Overseeing all company operations and making the necessary improvement solutions. * Development of all systems continuously, automation and applications to facilitate operations. * Preparing reinsurance programs and controlling risk distribution. * Training and curricula design for some institutes and training centers. * Participant and speaker in some insurance conferences, internally and externally. * Certified trainer from the Financial Academy
2	Hassan Awad Hassan Al-Hazmi	CEO Deputy of Marketing and Sales	<ul style="list-style-type: none"> * Information technology at Irfan Group 2000-2002 * Deputy General Manager of the Cooperative * Insurance Agency 2002-2006 * CEO of Solutions Insurance Brokerage Company 2006-2009 * Individual Insurance Manager - ACIG 2009-2013 CEO Deputy of Marketing and Sales 2013-present 	Bachelor's degree in Electrical Engineering - Computers Department	Information technology, marketing and electronic sales, insurance sales
3	Moutaz AL-Jadid	Director of the Legal Affairs Department	<ul style="list-style-type: none"> - Al-Ahlia Cooperative Insurance Company 2006-2009. - Lawyer at the Cooperative Insurance Company 2011-2014 Director of the Legal Affairs Department ALLIED COOPARTIVE INSURANCE GROUP (ACIG) 		Providing legal advice - reviewing and formulation contracts - formulation regulations and legal notes - preparing and formulation policies for the company - representing the company before judicial authorities of all levels - member of the Legal and Money Laundering Committee - Secretary of the Board of Directors.
4	Tawfiq Al-Koli	CEO Deputy of Finance and Investment	More than 16 years of experience in financial management and investment in reviewing, auditing, banking sectors, industrial, educational and insurance sectors currently.	<ul style="list-style-type: none"> - Master of Finance and Accounting, Bangor University, UK - Academic English Language Certificate - Oxford Brookes University, Oxford, United Kingdom - Bachelor of Accounting, Umm Al-Qura University, Makkah Al-Mukarramah, Saudi Arabia - Various specialized courses accredited in the 	<ul style="list-style-type: none"> - Reviewing and Auditing, Ernst & Young (E&Y) - Riyadh Bank, banking services - Samba Bank , Banking and Compliance Services - Al-Salem York Johnson Controls, Financial Management - Umm Al-Qura University, Lecturer, Department of Accounting - University of Jeddah, supervisor of financial management, director of investment, accounting and self-resources

				financial and administrative field	- ACIG Insurance Company, Chief Financial Officer, CEO Deputy of Finance and Investment
5	Talal Al-Zahrani	Head of Customer Experience of Customer Experience	<ul style="list-style-type: none"> - Technical support engineer at the Gulf Company for Computer Services SPSNET 2004-2009 - Information systems management specialist, ALLIED COOPARTIVE INSURANCE GROUP 2009-2011 - Customer Relationship Management Specialist at Al-Rajhi Cooperative Insurance Company (Al-Rajhi Takaful) 2011-2013 - Customer Service Manager at ALLIED COOPARTIVE INSURANCE GROUP 2013-2017 - Customer Care Manager at ALLIED COOPARTIVE INSURANCE GROUP 2017-2021 - Head of Customer Experience at ALLIED COOPARTIVE INSURANCE GROUP 2021- until now 	<ul style="list-style-type: none"> - Advanced Diploma in Systems Programming and Analysis -Certified Lean Six Sigma Black belt - Mistake Proofing Error Proofing Business processes - Certification in Personal Skills development - Measuring and Managing Customer Satisfaction ISO 9001:2015 	Customer care and improving their experience, digital transformation of pre-, during and after-sales services, information technology, data analysis
6	Abdullah Bin Mashhour	Head of IT	More than 21 years of experience in IT in the Royal Saudi Naval Forces	<p>Bachelor of Computer Engineering - College of Computer and Information Sciences - King Saud University</p> <p>IT Courses</p> <p>Project management courses</p> <p>English Course at Maritime Education Centre</p>	<ul style="list-style-type: none"> * Participant with the Naval Forces Network Design Team * Maritime network management * Head of several committees * Member of the man power development team in the department * Member of the Naval Forces Initiative Development Team * Held administrative positions in several of centers and departments in IT Department
7	Adil Al-Suleiman	General insurance manager (Acting)	<p>General Insurance Claims Manager.</p> <p>General Insurance Claims Manager Assistant</p> <p>General Insurance subscription</p> <p>General Insurance Claims Officer, Risk Engineer</p>	<ul style="list-style-type: none"> •Certificate in Insurance (Cert CII) Chartered Insurance Institute, London, UK. <p>Bachelor of Science in Chemical Engineering December 2015 University of South Carolina, Columbia, SC. USA</p>	<p>General Insurance subscription</p> <p>General Insurance Claims vehicles subscription</p> <p>Risk Engineer, Inspection and assessment of losses</p>
8	Abdulaziz Al-Fakhry	Acting Risk Management Manager	<p>Deputy Director of Risk Management for Allied Cooperative Insurance Group (ACIG) 2018-2021</p> <p>Senior Specialist for Strategy and Business Development for Allied Cooperative Insurance Group (ACIG) 2015-2018</p> <p>Risk Officer at Solidarity Saudi Takaful Company 2013-2015</p> <p>Senior Research Analyst and Risk Officer at Allianz Saudi Fransi 2012-2013</p> <p>Issuer Relationship Officer at the Saudi Stock Market Company (Tadawul) 2011</p>	<p>Master of Business Administration - Major in Financial Management, Eastern Michigan University, USA 2010</p> <p>Bachelor of Accounting, King Saud University, Saudi Arabia 2005</p>	Experience in the field of risk management and internal control in insurance companies and in the field of financial analysis

9	Abdul Aziz bin Khaled Al-Atni	Technical head of the medical insurance sector	<p>subscription Manager for Life and Health Insurance at AXA Cooperative Insurance Company</p> <p>Project Management Office Specialist at the Central Bank of Saudi Arabia</p>	<ul style="list-style-type: none"> - Bachelor's degree in Business Administration from Cape Breton University, Canada. - Medical insurance certificate from the American Medical Insurance Association (HIA) - Insurance Certificate from the British Chartered Insurance Institute (Cert CII) - Life insurance certificate from the American Life Office Management Association 	More than 10 years of experience in medical and life insurance, project management, compliance and strategy.
10	Abdul Latif Al-Khathlan	Head of Compliance and Anti-Money Laundering (Acting)	<ul style="list-style-type: none"> - Member of Public Relations of Honorary Members' Body Ittihad Club – 2016 - Operating Officer/ Icon Integrated International Trading Company – 2019 - Complaints handling officer/ Allied Cooperative Insurance Group (ACIG) Senior Specialist in Compliance and Anti-Money Laundering/ Allied Cooperative Insurance Group (ACIG) - 1/9/2022 - Present 	<p>Bachelor's degree in Business Administration King Abdulaziz University - University of Edinburgh</p> <ul style="list-style-type: none"> - Crisis management course - Anti-money laundering and terrorist financing course - IFCE Certificate - Principles and Fundamentals of Insurance. - Professional examination for compliance in the insurance sector. 	Insurance, compliance, governance, customer experience, control, inspection, reporting and regulations
11	Maram bin Al-Khathlan	Senior specialist in strategy and business development	More than 12 years of experience in the insurance sector in several different companies between strategy management, operations management, and issuance of health insurance offers	<p>2020 - Bachelor of Health Informatics from the Saudi Electronic University</p> <ul style="list-style-type: none"> - CII Cert level - 2016 - Six Sigma LSSBB - 2012 – IFCE - 2011 - Health Insurance Diploma from King Saud University 	<ul style="list-style-type: none"> - Developing strategic plans and business objectives and supervising the strategy implementation. - Managing all PMO activities. - Preparing reports and financial and technical analysis of the insurance market. -Preparing periodic reports for senior management and the board of directors. - Preparation of annual presentations for supervisory visits to the Central Bank.

4. Board of Directors

The Company Board of Directors shall be responsible for supervising the Company Management that manages the Company financial and operational affairs and shall make all essential decisions related to its policies. The Board of Directors primary responsibility is to ensure that the effective governance for the company's affairs, in a way that achieves the shareholders and policy holders interests. Additionally, it shall be responsible for balancing between the beneficiary's diverse interests, including the company customers and the corporation with which it has commercial relations. Through any procedures decided by the Board of Directors, the Directors shall adhere to take appropriate action to best serve the company best interests. The Board of Directors and its committees monitor the company executive management to ensure that the decisions and strategies they are approved are implemented as required.

This is the sixth session of the Board of Directors formed at the Ordinary General Assembly meeting on 05/06/2022. This session starts from 05/06/2022 and ends on 17/05/2025 (for three years), and the Directors were elected by cumulative voting basis.

The current number of Directors is (10), and the classification of Directors is as follows:

Forming the board of directors and classifying its Directors

Name	Membership classification (Executive/ non-executive/ independent)
Mr. Yasser Mohamed Al Jarallah	Non-executive
Mr. Fayez Saleh bin Mahfouz	Non-executive
Mr. Ali Yahya Al-Jaafari	Executive
Mr. Abdul Rahman Hassan Al-Amoudi	Independent
Mr. Khalid Majid Al-Rasheed	Independent
Mr. Abdullah Abdul Rahman Al Sheikh	Independent
Mr. Abdullah Mohamed Al-Qahtani	Independent
Mr. Mohamed Mohsen Balharith	
Mr. Mohamed Jihad Al-Rasheed	Independent
Mr. Mohamed Ibrahim Al-Rasheed	Independent

The company held Ordinary General Assembly meeting, and the Ordinary General Assembly, held on 28/03/2022, decided the following:

The Ordinary General Assembly decided to elect the Directors in the five vacant positions, starting from the date of the Ordinary General Assembly meeting on 28/03/2022 until the end of the current Board of Directors session on 17/05/2022.

1. Mr. Ali bin Yahya Al-Jaafari
2. Mr. Abdul Rahman bin Hassan Al-Amoudi
3. Mr. Khalid bin Majid Al-Rasheed
4. Mr. Fayez bin Saleh bin Mahfouz, in its capacity as a representative of Tharwa Gulf Holding Co.
5. Mr. Yasser bin Mohamed Al Jarallah, in its capacity as a representative of Tharwa Gulf Holding Co.

The numbers of the shares owned by Directors

Name	Number of shares owned in the company
Mr. Yasser Mohamed Al Jarallah	425967
Mr. Fayez Saleh bin Mahfouz	-
Mr. Ali Yahya Al-Jaafari	-
Mr. Abdul Rahman Hassan Al-Amoudi	-
Mr. Khalid Majid Al-Rasheed	-
Mr. Abdullah Abdul Rahman Al Sheikh	-
Mr. Abdullah Mohamed Al-Qahtani	-
Mr. Mohamed Mohsen Balharith	-
Mr. Mohamed Jihad Al-Rasheed	-
Mr. Mohamed Ibrahim Al-Rasheed	-

5. Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers

S.N	Name of the Board of Directors	Names of companies in which a board member is a member of its current board of directors or manager	Inside the kingdom/ outside the kingdom	Legal entity (listed joint stock company - unlisted joint stock company - limited liability company)	Names of companies in which a member of the board of directors was a member of its previous board of directors or manager	Inside the kingdom/ outside the kingdom	Legal entity (listed joint stock company - unlisted joint stock company - limited liability company)
1	Yasser bin Mohamed bin Jarallah	AL-INMA FOR MEDICAL SERVICES Tharwa Gulf Holding The Saudi Investment Bank ALLIED COOPARTIVE INSURANCE GROUP (ACIG)	Inside the kingdom	Limited liability Limited liability listed joint stock company listed joint stock company	Bin Jarallah Trading and Contracting Company	Inside the kingdom	Closed Joint Stock
2	Fayez bin Saleh bin Mahfouz	Tharwa Gulf Holding	Inside the kingdom	Limited liability company	N/A		
3	Ali Yahya Al-Jaafari	Eastern for development CO	Inside the kingdom	joint stock company joint stock company	Al Moasher Center for Financial Consultations 2004-2020	Inside the kingdom	limited liability company
4	Khalid bin Majid Al-Rasheed	ALLIED COOPARTIVE INSURANCE GROUP (ACIG)			N/A		
5	Abdul Rahman bin Hassan Al-Amoudi	CEO of Saudi Banieh Company from 2015 until now.	Inside the kingdom	Limited liability company	General Manager at Al-Manwal Corporation for Industry and Trade 2013-2015.	Inside the kingdom	Limited liability company
6	Mohamed bin Mohsen Balharith	General Manager of Kayan Financial Consulting, from 2021 to date.	Inside the kingdom	Limited liability company	N/A		
7	Mohamed Jihad Al-Rasheed	N/A			N/A		
8	Abdullah Mohamed Al-Qahtani	Founder and Director of Samek Plastic Factory Industry Corporation from 2016 to 2022.	Inside the kingdom	Limited liability company	Founder and Director of Fouz Plastic Products Factory 2013-2016	Inside the kingdom	Limited liability company
9	Abdullah bin Abdulrahman Al-Sheikh	Member of the Board of Directors - Al Rawabi Development Company	Inside the kingdom	Joint stock company	Vice Chairman of the Board of Directors at Al-Salam Medical Group 2019-2021. Member of the Board of Directors at Specialty Hospital Holding 2009-2019.	Inside the kingdom	Closed Joint Stock Limited liability company
10	Mohamed Ibrahim Al-Rasheed	CEO of Mohamed A. Al Swailem Construction Materials Co. from 2021 until now.	Inside the kingdom	Limited liability company	General Manager - Mohamed Abdullah Al-Areed Company 2017-2021.	Inside the kingdom	Limited liability company

6. The measures taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and their observations regarding the company and its performance.

The board of directors takes this procedure to inform its members, especially non-executives, pursuant to the shareholders' proposals and notes regarding the company and its performance by opening the discussion, inquiries and observations by the shareholders through the company's general assemblies, and it is responded to by the chairman of the assembly during its convening. If there is any proposal complies with the company's

policies, it shall be recorded in the minutes of the meeting and submitted to the first board meeting for discussion.

7. Disclosure of the remuneration and allowances for the members of the board of directors, committees and senior executives:

A. The policy of remuneration for members of the Board of Directors and committees according to Article (19) of the company's articles of association

The minimum annual remuneration for the Chairman in return for the performed services is an amount of one hundred and eighty Saudi riyals annually (SAR 180,000). The minimum bonus for each member of the Board of Directors in return for the performed service is an amount of one hundred and twenty thousand Saudi riyals annually (SAR 120,000), provided that the maximum limit shall be five hundred thousand Saudi riyals annually (500,000) in return for their membership in the Board of Directors and their participation in its work, including additional Remuneration in case of the member participation in any of the committees emanating from the Board of Directors.

If the company achieves profits, a percentage equivalent to (10%) of the rest of the net profit may be distributed after deducting the reserves determined by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law after distributing a profit to the shareholders of not less than (5%) of the company's paid-up capital. Provided that the maturity of this bonus shall be commensurate with the number of hearings Attended by the member, and any assessment contrary to this shall be null and void.

In all cases, the amount received by each member of the Board of Directors in terms of Remuneration and financial or in-kind benefits shall not exceed the amount of (SAR 500,000) five hundred thousand riyals annually.

The maximum allowance for attending the hearing of the Board of Directors and its committees shall be (SAR 5000), five thousand riyals for each hearing, not including travel and accommodation expenses.

The value of the actual expenses shall be paid to each member of the Board of Directors, including the Chairman of the Board of Directors; in order to attend the meetings of the Board or the committees emanating from the Board of Directors, including travel, accommodation and subsistence expenses.

The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all that the members of the Board of Directors received during the financial year in terms of remuneration, expenses allowance and other benefits. The report shall include a statement of what the council members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy. The report shall include a statement of the number of board hearings and the number of hearings Attended by each member from the date of the last meeting of the General Assembly.

Remuneration policy for members of the Board of Directors, Board committees and senior executives approved by the Ordinary General Assembly on April 2, 2018

First: Introduction:

A policy for remuneration of members of the Board of Directors, sub-committees, and senior executives in order to comply with Paragraph (1) of Article (61) of the Corporate Governance statement issued by the Capital Market Authority, which stipulates that the Remuneration and Nomination Committee "shall prepare a clear policy for Remuneration of The Board of Directors members, committees emanating from the Board and senior executives, and submitting them to the Board of Directors for reviewing in preparation for approval by the General Assembly...."

Second: Objective:

This policy aims to define clear criteria for remuneration of members of the Board of Directors, sub-committees and senior executives in the light of the requirements of the Companies Law and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability and talent in order to work in the Board of Directors, sub-committees and senior executives by adopting motivating remuneration plans and programs linked to performance, which contributes to improving the company's performance and achieving the interests of its shareholders.

Third: General standards for remunerations:

The Remuneration and Nominations Committee shall be responsible for recommending to the Board the remuneration of Board members, committee members and senior executives of the company, in accordance with the approved standards, as follows:

The Remuneration shall be commensurate with the company's activity and the skills needed to manage it.

The company shall take into considerations the compatibility of remunerations with the company's strategy and its objectives, size, nature and degree of risks.

The company shall take into consideration the practices of other companies and what is prevailing in the labour market in determining remunerations.

Remunerations are determined based on the job level, tasks and responsibilities entrusted to the occupant, educational qualifications, practical experience, skills, and level of performance.

The remunerations shall be fair and commensurate with the specialties of the member/ employee and the works and responsibilities implemented and incurred by the members of the board of directors or committees and senior executives, in addition to the objectives set by the Board of Directors to be achieved during the financial year.

The remuneration shall be stopped or refunded if it is found that it was determined on the basis of inaccurate information provided by a member of the Board of Directors or the Executive Management, to prevent occupational status from being exploited for undue remuneration.

Fourth: Remuneration of the members of the Board of Directors:

The members of the Board of Directors are entitled to a specified amount for attending the hearings and an additional allowance in case of travel.

Remuneration for the Chairman and members of the Board for the service they perform annually as stipulated in this policy and according to the schedule included therein.

The remuneration of the members of the Board of Directors may also be a percentage of the profits, taking into consideration the provisions of Article (19) of the company's articles of association, provided that the amount paid to the Board of Directors in terms of remuneration and financial and in-kind benefits in all cases shall not exceed the amount of (SAR 500,000) five hundred thousand Saudi riyals annually.

The annual report of the Board of Directors to the General Assembly of Shareholders shall include a comprehensive statement of all that the members of the Board of Directors received during the financial year in terms of remuneration, expenses allowance, and other benefits, and it shall also include a statement of what the members of the Board received in their capacity as workers or administrators, or for technical work or administrative or consulting (if any). The report shall also include a statement of board hearings numbers.

Fifth: Remuneration of committee members:

Remuneration for membership of committees emanating from the Board of Directors consists of allowances for attending meetings and an additional allowance in case of travel.

Each member of the Audit Committee, whether a member of the Board or outside the Board of Directors shall have an annual remuneration as indicated in this policy, according to the schedule included therein.

Each member of the other committees who is a member of the Board of Directors or the management of the company shall have an annual remuneration as indicated in this policy according to the schedule contained therein.

Each member of the other committees outside the members of the Board of Directors shall have an annual remuneration as indicated in this policy according to the schedule included therein.

Sixth: Sharia Supervisory:

Sharia Supervisory Board members' remuneration consists of allowances for attending meetings and an additional allowance in case of travel

Remuneration for the Chairman of the Sharia Supervisory Board in return for the service performed annually as indicated in this policy according to the schedule included therein.

Each member of the Sharia Supervisory Board shall have an annual remuneration as described in this policy, according to the schedule included therein.

Seventh: Remuneration for the executive management:

The Remuneration and Nominations Committee reviews the performance of senior executives, sets incentive policies and plans and submits its recommendations to the Board of Directors. The annual remuneration system (based on the monthly basic salary) shall depend on linking the company's performance with the employee's level of performance, for example (good, very good, excellent). The company's performance shall be determined by the level of net income product and linked to the employee's performance level.

Eighth: Statement of details of remuneration for members of the Board of Directors and its committees:

1) Members of the Board of Directors:

a. Allowance for attending one hearing	SAR 3,000
b. Additional allowance (travel) for those outside the city of the meeting headquarters	SAR 2,500
c. Annual remuneration for the chairman of the board of directors	SAR 180,000 at least
d. Annual remuneration for each member of the Board of Directors	SAR 120,000 at least
Y. Remuneration linked to a certain percentage of net profits which is determined according to the recommendation of Nominations and Remuneration Committee in case the company achieves profits after fulfilling the statutory conditions and requirements	

2) Members of the Board Committees:

a. Allowance for attending one hearing	SAR 1,500
b. Additional allowance (travel) for those outside the city of the meeting headquarters	SAR 2,500
c. Each member of the Audit Committee, whether a member of the Board or outside the Board of Directors, shall have an annual remuneration	SAR 50,000
d. Each member of the other committees who is a member of the Board of Directors or the management of the company shall have an annual remuneration	SAR 15,000
Y. Each member of the other committees outside the Board members shall have an annual remuneration	SAR 30,000

3) Sharia Supervisory Board members:

a. Allowance for attending one hearing	SAR 2,000
b. Additional allowance (travel) for those outside the city of the meeting headquarters	SAR 2,500
c. Annual remuneration for the chairman of Sharia Supervisory	SAR 50,000
d. Each member of the Sharia Board shall have an annual remuneration	SAR 30,000

B. Management member's remuneration policy

The Remunerations and Endorsements Committee audit the performance of senior executives, makes incentive policies, plans, and submits its recommendations to the Board of Directors. The annual remuneration system (based on the monthly basic wage) depends on linking the company's performance with the employee's level of performance, for example (good, very good, excellent). The company's performance shall be determined by the level of net income and linked to the employee's performance level.

Remunerations and compensation paid to the Board of Directors members during 2022 AD (in Saudi riyals).

	Member name	Certain amount	Fixed remunerations				Variable remunerations						End of Service remuneration	Grand Total	Expense allowance		
			Attendance allowance of council sessions	Total Attendance allowance of council committee sessions	kind benefits	Remuneration of the Chairman or the Managing Director, if he is a member	Total	Ratio Of profit	Periodic remuneration	Short term incentive plans	Long term incentive plans	Granted shares (enter the value)				Total	
First: Independent members																	
1	Mr. Abdul Rahman bin Hassan Al-Amoudi					-								-	-		
2	Mr. Khalid bin Majid Al-Rasheed					-								-	-		
3	Mr. Abdullah Abdul Rahman Al Sheikh		12,000			12,000								-	12,000		
4	Mr. Abdullah Mohamed Al-Qahani					-								-	-		
5	Mr. Mohamed Mohsen Balharith					-								-	-		
6	Mr. Mohamed Jihad Al-Rasheed					-								-	-		
7	Mr. Mohamed Jihad Al-Rasheed					-								-	-		
8	Mr. Fawaz Mohamed Al-Sharabi		3,000			3,000								-	3,000		
9	Mr. Abdullah Abdul Rahman Al-Rabdi		1,500			1,500								-	1,500		
						-								-	-		
						-								-	-		
						-								-	-		
	Total		-	16,500		-	16,500							-	-	16,500	-
Second: Non-executive members																	
1	Mr. Yasser bin Mohamed bin Jarallah					-								-	-		
2	Mr. Fayez bin Saleh bin Mahfouz					-								-	-		
3	Eng. Mohamed Hani Abdel Qader Al Bakri					-								-	-		
4	Mr. Hussam Talal Ghazzawi		1,500			1,500								-	1,500		
5	Dr. Abdul Latif bin Mohamed Al Sheikh		3,000			3,000								-	3,000		
	Total		-	4,500		-	4,500							-	-	4,500	-

Third: Executive members															
1	Mr. Ali Yahya Al-Jaafari	936,167	-	-	-	-	936,167	-	-	-	-	-	-	-	936,167
			-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	936,167	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	936,167	-	21,000	-	-	957,167	-							

There is no material deviation between the granted remunerations and the applicable remunerations policy, as all members obtained the minimum amount of Remunerations. The periodic remunerations paid to the Chairman and the Board of Directors members in the above schedule represent the remunerations for the Board of Directors membership, as the remunerations of the committees shall be disclosed separately.

C. Benefits and remunerations that were paid to five senior executives who received the highest remunerations and compensations, in addition to the Chief Executive Officer and the Chief Financial Officer:

Statement	Value in Saudi riyals
Salaries and compensations	2,250,000
Allowances	1,023,993
Periodic and annual remuneration	
Incentive plans	-
Any other compensation or kind benefits paid on a monthly or annually.	-
Total	3,273,993

D. Committee members' remunerations:

	Fixed remunerations (except for Attendance allowance of committee)	Attendance allowance of sessions	Total
Audit committee members			
Abdullah Al-Harbi	50,000.00	10,500.00	60,500
Nabil Naseef	50,000.00	10,500.00	60,500
Dr. Masum Bellah	30,000.00	10,500.00	40,500
Abdullah Al-Shibaili	50,000.00	7,500	57,500
Abdullah Abdul Rahman Al Sheikh	-	12,000.00	12,000
Bassam Mohamed Al-Baqawi	-	9,000.00	9,000
Ibrahim Ahmed Al-Azeq	-	12,000.00	12,000
Al-Hanouf Abdul-Jabbar Al-Abd Al-Jabbar	-	12,000.00	12,000
Total	180,000	84,000	264,000
The Remunerations and Endorsements Committee members			
Meshal Al-Otaibi	3,411.00	3,000.00	6,411
Fawaz Al-Sharabi	15,000.00	3,000.00	18,000
Dr. Abdul Latif Mohammed Al Sheikh	15,000.00	3,000.00	18,000
Naif Al-Tamimi	30,000.00		30,000
Total	63,411	9,000	72,411

Investment Committee members			
Nouf Saud Al-Haqbani	1,890.00	-	1,890
Hisham Mohamed Al-Sharif	9,986.00	-	9,986
Meshal Al-Otaibi	3,411.00	-	3,411
Abdullah Abdul Rahman Al-Rabdi	15,000.00	-	15,000
Total	30,287	-	30,287
Risk Management Committee members			
Hossam Talal Al-Ghazzawi	15,000.00	1,500.00	16,500
Abdullah Abdul Rahman Al-Rabdi	3,411.00	1,500.00	4,911
Dr. Youssef Basoudan	30,000.00	1,500.00	31,500
Hisham Mohamed Al-Sharif	9,986.00	-	9,986
Total	58,397	4,500	62,897
Executive Committee members			
Fawaz Muhammad Al Sharabi	7,479.00		7,479
Mohamed Hani Abdel Qader Al-Bakry	15,000.00		15,000
Hossam Talal Al-Ghazzawi	15,000.00		15,000
Dr./ Abdul Latif Mohammed Al Sheikh	15,000.00		15,000
Hisham Mohamed Al-Sharif	9,986.00		9,986
Total	62,465	-	62,465

8. Meetings of the Board of Directors:

The number of Board meetings was 8 meetings during 2022, and the number of attendees is as follows:

No	Member name	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting	Seventh meeting	Eighth meeting	Number of attendance
		29/03/2022	18/04/2022	16/05/2022	6/6/2022	17/08/2022	1/9/2022	26/10/2022	2/11/2022	
1	Hussam bin Talal Al-Ghazzawi	Attended	Attended	Attended	Membersh ip period has expired	**	**	**	**	3
2	Engineer Mohamed Hani Al-Bakry	Attended	Attended	Attended	Membersh ip period has expired	**	**	**	**	1
3	Dr. Abdul Latif bin Mohammed Al Sheikh	Attended	Attended	Attended	Membersh ip period has expired	**	**	**	**	3
4	Abdullah Abdul Rahman Al-Rabdi	Attended	Attended	Attended	Membersh ip period has expired	**	**	**	**	4
5	Engineer / Fawaz Al-Sharabi	Attended	Attended	Attended	Membersh ip period has expired	**	**	**	**	2
6	Yasser bin Mohammed bin Jarallah	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8

7	Fayez bin Saleh bin Mahfouz	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
8	Ali Yahya Al-Jaafari	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
9	Khalid bin Majid Al-Rasheed	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
10	Abdul Rahman bin Hassan Al-Amoudi	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
11	Muhammad bin Mohsen Balharith	Not a member	Not a member	Not a member	Attended	Attended	Attended	Attended	Attended	5
12	Muhammad Jihad Al-Rasheed	Not a member	Not a member	Not a member	Attended	Attended	Attended	Attended	Attended	5
13	Abdullah Mohammed Al-Qahtani	Not a member	Not a member	Not a member	Attended	Attended	Attended	Attended	Attended	5
14	Abdullah bin Abdul Rahman Al Sheikh	Not a member	Not a member	Not a member	Attended	Attended	Attended	Attended	Attended	5
15	Muhammad bin Ibrahim Al-Rashid	Not a member	Not a member	Not a member	Attended	Attended	Attended	Attended	Attended	5

And 3 meetings of the Ordinary General Assembly were held on March 28, 2022, June 5, 2022, and July 25, 2022.

The Board of Directors also adopted several resolutions, represented by five resolutions, as follows:

1. Resolution by circulation No. 1/2022 dated 05/16/2022 AD
2. Resolution by circulation No. 2/2022 dated 05/06/2022 AD
3. Resolution by circulation No. 03/2022 dated 17/06/2022 AD
4. Resolution by circulation No. 04/2022 dated 26/06/2022 AD
5. Resolution by circulation No. 05/2022 dated 30/06/2022 AD

9. A penalty, sanction, precautionary measure, or precautionary restriction imposed on the company

2021			2022			
Subject of the violation	Number of executive decisions	Total amount of fines in Saudi Riyals	Ways to treat them and avoid their occurrence in the future	Number of executive decisions	Total amount of fines in Saudi Riyals	Ways to treat them and avoid their occurrence in the future
Violation of the institution's supervisory and regulatory instructions	3	300,000	Regarding violations of the Central Bank's supervisory and regulatory instructions regarding the following: 1. Dealing with unauthorized parties: A system has been created that currently prevents the issuance of insurance documents for requests received by any insurance broker upon the expiration of the insurance business permit issued by the Central Bank of Saudi Arabia automatically 2. Non-compliance with some of the requirements of the Information Security Regulatory Guide: Some of the controls that were monitored by the Central Bank were previously applied, while others have been worked on and applied, and a specialized service provider has been contracted to implement a project. 3. Non-compliance with establishing an actuarial department: An objection has been made against the executive decision issued by the Central Bank. An actuarial department has been established and a head has been appointed. Two positions have been created under the head of the	A letter containing 7 points was issued, which was just a notice		The company has developed a corrective plan to address and implement all requirements and to ensure that they do not occur in the future

			department and they have been appointed			
Violation of the institution's customer protection instructions	0	0	0	0	0	0
Violation of the institution's due diligence instructions in combating money laundering	0	0	0	0	0	0
Violating the instructions of the Ministry of Human Resources due to not opening a file for the establishment at the labor office	1	10,000	The Administrative Affairs Department was instructed to follow up the procedures so that the violation is not repeated			
Violation of the instructions of the General Authority for Zakat, Income and Customs due to the delay in submitting the withholding tax for the month of October 2021	1	249	The financial department was directed to submit the returns on time			
Violation of the instructions of the Ministry of Human Resources due to non-compliance with the application of the regulations and decisions issued by the Ministry regulating exceptional circumstances	1	10,000	In order to avoid such violations, appropriate measures were taken not to terminate the contract of any employee by the Human Resources Department except with the approval of the Legal Affairs Department, in order to verify the validity of the contract termination or not.			
Violation of the instructions of the Ministry of Human Resources due to not wearing masks	2	2,000	All employees have been instructed to follow the precautionary measures			
Traffic violations on the company car	1	500				
Violating the instructions of the Ministry of Human Resources to employ non-Saudi workers in professions restricted to Saudis	2	4,000	The Human Resources Department was alerted to ensure the Saudization of jobs before hiring non-Saudis			
Violation of the instructions of the Central Bank related to cyber security risks				A letter of non-compliance with the controls contained in the Regulatory Guide for Information Security was issued	0	The Central Bank is provided with a monthly report showing the extent of progress to reach the maturity level required by the system

10. Board committees

Executive committee:

The Executive Committee consists of three members of the Board of Directors, Mr. Fayez Saleh bin Mahfouz, **Chairman of the Committee**, Mr. Ali Yahya Al-Jaafari and Mr. Muhammad Mohsen Balharith. The Executive Committee held seven meetings during 2022 AD, and the Executive Committee studies the issues presented to the Board of Directors before discussing them in the Board, and issuing its recommendations this makes it easier for the Board to discuss its discussions, in addition to the committee taking decisions in matters assigned to it by the Board from time to time, delegating to it some powers according to the company's work needs.

No.	Member name	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting	Seventh meeting	Number of attendance
		3/2/2022	21/07/2022	14/08/2022	29/08/2022	4/10/2022	16/10/2022	12/12/2022	
1	Fawaz Al-Sharabi	Attended	**	**	**	**	**	**	1
2	Abdul Latif Al-Sheikh	Attended	**	**	**	**	**	**	1
	Muhammad Hani Al-Bakry	Attended	**	**	**	**	**	**	1
3	Hossam Talal Ghazzawi	Attended	**	**	**	**	**	**	1
4	Ali Yahya Al-Jaafari	**	Attended	Attended	Attended	Attended	Attended	Attended	7
5	Fayez bin Saleh bin Mahfouz	**	Attended	Attended	Attended	Attended	Attended	Attended	7
6	Muhammad bin Mohsen Balharith	**	Attended	Attended	Attended	Attended	Attended	Attended	7

On May 17, 2022 AD, the membership of the Executive Committee expired as the session ended. The Executive Committee was formed for the current session in accordance to the decision of the Board of Directors on June 6, 2022 AD.

• Audit Committee

The Audit Committee consists of four independent members, all members from outside the Board of Directors. The members are:

- | | |
|---|-----------------------|
| 1. Mr. Abdullah Abdul Rahman Al Sheikh | Head of the committee |
| 2. Mr. Bassam Mohamed Al-Baqawi | Director |
| 3. Mr. Ibrahim Ahmed Al-Azeq | Director |
| 4. Mrs. Al-Hanouf Abdul-Jabbar Al-Abd Al-Jabbar | Director |

On 25/07/2022 AD, the Ordinary General Committee agreed to form the committee with the same names shown above, which starts on 25/07/2022 AD to 17/05/2025 AD.

The Audit Committee held 14 meetings in 2022 AD and performed the following tasks:

- Audit the company's financial statements and ensure their validity, financial reporting procedures validity, internal accounting systems and financial control rules in the company.
- Independent annual audit of the company's financial statements. Assign external auditors and assess the qualifications, performance and independence of the external auditors.

- Recommend the assignment of the internal auditor and the regular controller and the periodic audit of their duties and responsibilities.
- The company commits to legal and regulatory requirements, including the rules and procedures of the company's disclosure policy.
- The company commits to the policies and procedures established in the company.

- Members' attendance information and meeting dates are as shown in the following schedule:

The meetings of the Audit Committee reached (14) meetings in 2022 and the number of attendees is as follows:															
S. N.	Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Seventh Meeting	Eighth Meeting	Ninth Meeting	Tenth Meeting	Eleventh Meeting	Twelfth Meeting	Thirteenth Meeting	Fourteenth Meeting
		93	94	95	96	97	98	99	100	101	102	103	104	105	106
		30/01/2022	3/3/2022	13/03/2022	15/03/2022	20/03/2022	12/5/2022	16/05/2022	1/8/2022	16/08/2022	05/09/2022	26/09/2022	2/11/2022	8/11/2022	28/11/2022
1	Mr. Abdullah Al-Harbi	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Members hip expired	**	**	**	**	**	**
2	Mr. Nabil Naseef	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Members hip expired	**	**	**	**	**	**
3	Mr. Masum Bellah	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Members hip expired	**	**	**	**	**	**
4	Mr. Abdullah Al-Shibaili	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Members hip expired	**	**	**	**	**	**
5	Mr. Abdullah Abdul Rahman Al Sheikh	**	**	**	**	**	**	**	Attended	Attended	Attended	Attended	Attended	Attended	Attended
6	Mr. Bassam Mohamed Al-Baqawi	**	**	**	**	**	**	**	Attended	Attended	Attended	Attended	Attended	Attended	Attended
7	Mr. Ibrahim Ahmed Al-Azeq	**	**	**	**	**	**	**	Attended	Attended	Attended	Attended	Attended	Attended	Attended
8	Mr. Al-Hanouf Abdul-Jabbar Al-Abd Al-Jabbar	**	**	**	**	**	**	**	Attended	Attended	Attended	Attended	Attended	Attended	Attended

On May 17, 2022, the membership of the Audit Committee ended due to the end of the session.

• **Nominations and Remuneration Committee**

The Nominations and Remunerations Committee consists of 3 members of the Board of Directors, who are:

- | | |
|---|---------------------------|
| 1. Mr. Abdul Rahman Hassan Abdul Rahman Al-Amoudi | Chairman of the Committee |
| 2. Mr. Mohamed Jihad Al-Rasheed | Committee member |
| 3. Mr. Khalid bin Majid bin Abdul Rahman Al-Rasheed | Committee member |

The committee held 4 meetings during 2022 AD, and the committee performs the following tasks and responsibilities:

- Raising special recommendations regarding candidates for membership of the Board of Directors for presentation to the General Assembly, and candidates for senior executive administrative positions, such as the CEO and its deputies.
- Preparing clear procedures and policies to develop the remuneration policy for the Board of Directors.
- Informing the Board of Directors regarding the annual review of the Board's performance, and submitting its recommendations to the Board regarding candidates for membership of the Board committees for appointment.
- Recommendation to the Board of Directors to adopt the annual compensation and remunerations policy and plans, and incentive plans to attract, retain and motivate outstanding employees.
- Evaluating the skills and experiences of the members of the Board of Directors and senior executive management, and making recommendations regarding the necessary training programs in the light of the evaluation results.

- Developing social responsibility programs, and following up their implementation in cooperation with the executive management.
- Ensuring the company continuity in compliance with the requirements of governance, and reporting this to the Board of Directors.

- Member Attendance information and meeting dates as stipulated in the schedule below:

Attendance information of the Nominations Committee members and meeting dates				
Name	First meeting 03/02/2022	Second meeting 26/06/2022	Third meeting 14/08/2022	Fourth meeting 15/12/2022
Mishaal Bin Omairah	Attended	Not a member	Not a member	Not a member
Fawaz Al-Sharabi	Attended	Not a member	Not a member	Not a member
Dr. Abdul Latif Al-Sheikh	Attended	Not a member	Not a member	Not a member
Naif Al-Tamimi	Did not Attended	Not a member	Not a member	Not a member
Abdul Rahman bin Hassan Al-Amoudi	Not a member	Attended	Attended	Attended
Mohamed Bin Jihad Al-Rasheed	Not a member	Attended	Attended	Attended
Khalid bin Majid Al-Rasheed	Not a member	Attended	Attended	Attended

- On May 17, 2022, the membership of the Nominations and Remuneration Committee ended due to the end of the session.

On June 6, 2022, the Board of Directors issued its decision to form the Nominations and Remuneration Committee for the new session.

- **Investment Committee:**

The Investment Committee consists of three members. They are Mr. Ali Yahya Al-Jaafari, Chairman of the Committee, Mr. Fayez Saleh bin Mahfouz and Mr. Abdul Rahman Hassan Al-Amoudi. The committee shall be responsible for managing the company's investment file as a whole and has all powers. The committee is entitled to assign an expert with regard to the investment file. The committee held 8 meetings during 2022, as follows:

No.	Member name	First meeting 24/07/2022	Second meeting 14/08/2022	Third meeting 11/10/2022	Fourth meeting 7/11/2022	Fifth meeting 10/11/2022	Sixth meeting 14/11/2022	Seventh meeting 24/11/2022	Eighth Meeting 1/12/2022	Attendance No.
1	Fayez bin Saleh bin Mahfouz	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
2	Abdul Rahman bin Hassan Al-Amoudi	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
3	Ali Yahya Al-Jaafari	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8

- On May 17, 2022, the membership of the Investment Committee ended due to the end of the session

On June 6, 2022, the Board of Directors issued its decision to form the Investment Committee for the new session.

- **Risk Management Committee:**

The Risk Management Committee consists of four members. They are Mr. Mohamed Mohsen Balharith, Chairman of the Committee, Mr. Mohamed Jihad Al-Rasheed, Mr. Abdullah Mohamed Al-Qahtani and Mr. Mohamed Ibrahim Al-Rasheed. The committee shall be responsible for risk management in the company, and the adoption of a comprehensive strategy for risk management in light of market conditions and the available expert in dealing with inherent risks that the company may be exposed to, in addition to conducting periodic reviews and updates on the risk management strategy by taking into consideration internal and external variables of the company. The committee held 2 meetings during 2022 AD.

- Member Attendance information and meeting dates as stipulated in the schedule below:

No.	Name	First meeting 04/08/2022	Second meeting 2/11/2022
1	Mohamed Mohsen Balharith	Attended	Attended
2	Mohamed Jihad Al-Rasheed	Attended	Attended
3	Khalid bin Majid Al-Rasheed	Attended	Resigned
4	Abdullah Mohamed Al-Qahtani	Not a member	Attended
5	Mohamed Ibrahim Al-Rasheed	Not a member	Attended

- On May 17, 2022, the membership of the Risk Management Committee ended due to the end of the term. On June 6, 2022, the Board of Directors decided to form the Risk Management Committee for the new session, with Mr. Mohamed Mohsen Balharith as Chairman of the Committee, and Mr. Khalid bin Majid Al-Rasheed and Mr. Mohamed Jihad Al-Rasheed.

On 01/09/2022 AD, the Board of Directors approved the resignation of Dr. Khaled bin Majid Al-Rasheed from the committee and the appointment of Mr. Mohamed Ibrahim Al-Rasheed and Eng. Abdullah Mohamed Al-Qahtani to the membership of the committee in terms of no objection from the Central Bank.

The Sharia Supervisory Authority

On August 17, 2022 AD, the Board of Directors decided to form the Sharia Supervisory Board from Sheikh Dr. Youssef bin Abdullah Al-Shubaily, Chairman of the Committee, Sheikh Dr. Ibrahim Abdullah Al-Brahim, Sheikh Dr. Mohamed bin Abdullah Al-Amer, and Lawyer Dr. Khalid bin Majid Al-Rasheed. The committee shall be responsible for the legality of the company's transactions.

The Authority held two meetings during 2022 AD

No.	Name	First meeting 26/09/2022	Second meeting 7/12/2022
1	Sheikh Dr. Youssef bin Abdullah Al-Shubaily	Attended	Attended
2	Sheikh Dr. Ibrahim Abdullah Al-Brahim	Attended	Attended
3	Sheikh Dr. Mohamed bin Abdullah Al-Amer	Attended	Attended
4	Lawyer Dr. Khalid bin Majid Al-Rasheed	Attended	Attended

11. General Assembly:

During the year 2022, 3 Ordinary General Assembly meetings were held as follows:

The company's Ordinary General Assembly meeting was held during the six months following the end of the financial year, according to the company's Articles of Association. The General Assembly held on 5/06/2022 AD issued the following decisions:

1. Approving the report of the Board of Directors for the financial year ended on 31/12/2021 AD.
2. Approving the financial statements for the financial year ended on 31/12/2021 AD.
3. Approving the company's auditors' report for the financial year 31/12/2021 AD.
4. Approving the business and contracts that were concluded between the company and Al-Bahar International Company, in which a member of the Board of Directors, Eng. Mohamed Hani Al-Bakri, has an indirect interest as they are insurance policies for a period of one year. The total insurance premiums written during the year 2021 AD was 108 thousand riyals without preferential conditions.

5. Approving the appointment of auditors for the company, Crowe Global/ AIAzem, AISudairy, AlShaikh & Partners, as an accountants and certified auditors, and AlKharashi & Co. Certified Accountants And Auditors, as an accountants and certified auditors, to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the financial year 2022 AD and the first quarter of the financial year 2023 AD and specify their fees.

6. Disapproval of disbursing an amount of SAR 1,048,932 as remuneration for members of the Board of Directors for the financial year ended on December 31, 2021 AD.

7. Approving the release of the members of the Board of Directors from liability for the financial year ended on 31/12/2021 AD.

8. The Ordinary General Assembly decided to elect the members of the Board of Directors for the next session, starting from the date of the meeting and until the end of the session on 17/05/2025 AD. The members were voted on the cumulative voting method.

1. Mr. Yasser bin Mohamed bin Nasser Al Jarallah, representative of Tharwa Gulf Holding Company.

2. Mr. Fayeze bin Saleh bin Mahfouz, representative of Tharwa Gulf Holding Company.

3- Mr. Ali bin Yahya Ali Al-Jaafari.

4. Mr. Abdul Rahman bin Hassan Al-Amoudi.

5. Dr. Khalid bin Majid Al-Rasheed.

6. Mr. Mohamed bin Ibrahim bin Mohamed Al-Rasheed

7. Mr. Abdullah bin Abdulrahman bin Abdullah Al Sheikh.

8. Mr. Abdullah Mohamed Abdullah Al Dalan Al-Qahtani

9. Mr. Mohamed bin Muhsin bin Mohamed Bal-Harith

10. Mr. Mohamed bin Jihad bin Abdulaziz Al-Rasheed

9. Approval of the work of the Board of Directors leave from the date of the end of its session dated, 17/05/2022 until the date of the Ordinary General Assembly held on, 05/06/2022 AD.

The company's Ordinary General Assembly meeting was held, and the General Assembly held on 03/28/2022 AD decided the following decisions:

The Ordinary General Assembly decided to elect the members of the Board of Directors in the five vacant positions, starting from the date of the Ordinary General Assembly meeting on 28/03/2022 AD until the end of the current Board of Directors session on 17/05/2022 AD. The following members were elected by the cumulative voting method:

1. Mr. Ali bin Yahya Al-Jaafari

2. Mr. Abdul Rahman bin Hassan Al-Amoudi

3. Mr. Khalid bin Majid Al-Rasheed

4. Mr. Fayeze bin Saleh bin Mahfouz, representative of Tharwa Gulf Holding Company

5. Mr. Yasser bin Muhammad Al Jarallah, representative of Tharwa Gulf Holding Company

The company's Ordinary General Assembly meeting was held, and the General Assembly held on 07/25/2022 AD decided the following decisions:

1. Approving the formation of the Audit Committee and defining its tasks, work controls, and remunerations for its members for the new session, starting from the date of the assembly meeting dated, 07/25/2022 AD until the end of the session on 05/17/2025 AD, noting that the candidates (attached their CVs) are the following:

1. Mr. Abdullah bin Abdul Rahman Al Sheikh

2. Mr. Bassam Mohamed Al-Baqawi

3. Mr. Ibrahim Ahmed Al-Azeq

4. Mrs. Al-Hanouf Abdul-Jabbar Al-Abd Al-Jabbar

12. The activities of shares, debt instruments, loans and any of its subsidiaries:

The authorised and issued capital of the company is 291 million Saudi riyals as on 12/31/2022 AD, and it consists of 29,100,000 shares, with a nominal value of 10 Saudi riyals per share. Tharwa Gulf Holding Company shares at 15%, and the public at 85%. During the financial year ending on December 31, 2022 AD, neither debt instruments, interest in the category of vote-right shares for any persons nor any other interest, option and subscription rights for directors and senior executives or members of their families in the company shares were issued by the company.

Moreover, no debt instruments were convertible into shares or any option rights, subscription right warrants, or similar rights issued or granted by the company during the financial year ending on that date. In addition, no conversion or subscription rights under debt instruments were convertible into shares, option rights, or similar rights certificates issued or granted by the company during 2022 AD, and no refund, purchase, or cancellation

were acted by the company for any recoverable debt instruments. No arrangements or agreements under which any of the shareholders waived any rights to the profits were made. The company has no financial obligations to third parties, loans, debt instruments or shares-related activities, and the Board of Directors acknowledges that there are no loans owed by the company.

Describing any interest for directors and their spouses and minor children of the shares or debt instruments of the company or any of its subsidiaries:

S.N.	Beneficiary	Beginning of the year		End of the year		Net change	Percentage change
		Shares No.	Debt instruments	Shares No.	Debt instruments		
1	Mr. Yasser Mohammed Al Jarallah	---	---	425967	---	425967	100%
2	Mr. Fayez Saleh bin Mahfouz	---	---	---	---	---	---
3	Mr. Ali Yahya Al-Jaafari	---	---	---	---	---	---
4	Mr. Abdul Rahman Hassan Al-Amoudi	---	---	---	---	---	---
5	Mr. Khalid Majid Al-Rasheed	---	---	---	---	---	---
6	Mr. Abdullah Abdul Rahman Al Sheikh	---	---	---	---	---	---
7	Mr. Abdullah Mohamed Al-Qahtani	---	---	---	---	---	---
8	Mr. Mohamed Mohsen Balharith	---	---	---	---	---	---
9	Mr. Mohamed Jihad Al-Rasheed	---	---	---	---	---	---
10	Mr. Mohamed Ibrahim Al-Rasheed	---	---	---	---	---	---

The senior executives, their spouses and minor children do not benefit from the shares or debt instruments of the company or any of its subsidiaries.

13. Zakat, statutory payments and loans:

Description	2022		Brief description	Reasons
	Paid	Due until the end of the annual financial period and was not paid		
	Value in thousand riyals			
Zakat	-	-		
Tax	-	25		
VAT	87,019	7,877	December 2022 dues	To be paid in January 2023
General Organization for Social Insurance	4,785	340	December 2022 dues	To be paid in January 2023
Visa and passport costs	216.00	-		
Labour office fees	588.00	-		
Saudi Central Bank supervision fees	3,572	1,283	2022 dues remain	To be paid in January 2023
Council of cooperative health insurance supervision fees	2,119	369	Dues for the fourth quadrant 2022	To be paid in January 2023

Circulation fees	220	-		
Fines	2	-		
Deduction tax	898	140	December 2022 dues	To be paid in January 2023
Deduction tax	-	-	Payments for 2012	

14. Acknowledgments:

Allied Cooperative Insurance Group announces that:

1. It has no subsidiary Company.
2. It does not bear any loans, whether due on demand or otherwise. The company did not pay any amounts for loans during the financial year 2022 AD.
3. There are no debt instruments convertible into shares and there are no option rights, subscription right warrants or similar rights issued or granted by the company during the financial year 2022.
4. There are no transfer or subscription rights under debt instruments convertible into shares, rights or option, rights certificates or similar rights, or that the company issued or granted during the financial year 2022 AD.
5. The company did not recover, purchase or cancel any refundable debt instruments or any value of the remaining securities.
6. No person shall benefit from the shares category with the right to vote.
7. There are no option rights or subscription rights to which the issuer is a party and belong to the members of the issuer's board of directors, senior executives, their spouses and minor children.
8. There are no arrangements or agreements under which a shareholder of the issuer assigns any rights to profits.
9. There are no other investments or reserves established for the benefit of the issuer's employees.
10. There are no salary or compensation assignments.

15. The number of the company requests for the shareholders register and the dates and reasons of those requests

The number of the company requests for the shareholders register	Request date	Request reasons
1	January 3, 2022	Other
2	February 3, 2022	Other
3	March 26, 2022	Ordinary General Assembly
4	May 23, 2022	Other
5	June 3, 2022	Ordinary General Assembly
6	July 20, 2022	Other
7	July 24, 2022	Ordinary General Assembly
8	September 5, 2022	Other
9	September 13, 2022	Other

16. External Auditors and International Financial Reporting Standards:

The Ordinary General Assembly, which was held on June 5, 2022 AD, approved the assignment of auditors for **Crowe Global/ AIAzem, AISudairy, AIShaikh & Partners and AIKharashi & Co. Certified Accountants And Auditors**, to examine, review and audit the financial statements for the second, third, fourth and annual quadrant of the financial year 2022 AD and the first quadrant of the financial year 2023 AD, and determine their fees.

The auditors issued their report with an unmodified opinion as follows:

We audited the financial statements of Allied Cooperative Insurance Group (ACIG) (Saudi joint stock company) (the "Company"), which include the statement of financial position as at December 31, 2022 and the statements

of income, other comprehensive income, changes in equity, cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

In our opinion, the attached financial statements present fairly, in all material respects, the Company financial position, financial performance and cash flows for the year then ended as at December 31, 2022, in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, and other standards and publications approved by the Saudi Organization for Certified Public Accountants.

The Company certifies that:

- a. The accounting records were properly prepared.
- b. The internal control system was well-founded and implemented effectively.
- c. There is no significant doubt about the issuer's ability to continue its activity.

17. Effectiveness and efficiency of internal control procedures:

The scope of the Internal Audit Department includes examining and assessing the efficiency and effectiveness of the company's internal control systems in 2022, to assist the Board of Directors and the Audit Committee in protecting the assets, reputation and sustainability of the company by conducting audits according to a risk-based methodology, by assessing and exploring risks and by the assistance of the executive management to develop the effectiveness of governance, risk management and internal control systems. It also informs the Board of Directors and the Audit Committee appropriately of presenting an assessment of the ability to control risks, in accordance with the applicable standards and based on the organizational rules of the internal audit department approved by the Audit Committee and the Board of Directors.

The Internal Audit Department submits its reports directly to the Audit Committee. These reports are based on the audit plan stated at the beginning of each financial year by the Internal Audit Department with the approval and supervision of the Audit Committee.

The final reports are sent to the Audit Committee with a copy to the executive management and the concerned departments. The Audit Committee discusses these reports in its quarterly meetings to approve them or recommend taking appropriate procedures to address any observations.

The Internal Audit Department also ensures that the various departments apply the internal regulations of the company and instructed some departments that did not follow some written procedures to follow these procedures.

Based on the periodic reports presented to the Audit Committee during 2022 by the Internal Audit Department, the Compliance Department and the External Auditors, the Audit Committee considers the soundness, effectiveness and efficiency of the control controls that there is no material weakness in the control system during the fiscal year 2022 that affects the integrity and fairness of the company's financial statements.

Accordingly, the Audit Committee endorses the assurances and annual declarations by the executive management that there are no material deficiencies that may affect the financial reports for the financial year ended 31 December 2022, and accordingly, these reports submitted to the Committee did not identify material points affecting the internal control systems or the fairness of the financial statements. An internal control system, regardless of the soundness of its design and the effectiveness of its application, cannot provide absolute assurance.

18. Information of the company social contributions:

Social responsibility initiatives for 2022:

1. World Cancer Day awareness campaign - February 2022.
2. The National Foundation Day Campaign - February 2022.
3. The Saudi Insurance and Najm awareness campaign entitled (#Insure_and_Rest) - March, April 2022.
4. Sama awareness campaign entitled (#Global_Money_Week) - March 2022.
5. Awareness campaign during the holy month of Ramadan entitled (#Fast_Well) - April 2022.
6. Awareness campaign during the Hajj season entitled (#In Peace_Security) - July 2022.
7. National Day 92 campaign under the slogan (#This_Is_Our_Home) - September 2022.
8. Sama awareness campaign under the slogan (#Be_Careful) - September, October, November and December 2022.

9. The Council of cooperative health insurance campaign under the slogan (#Insurance_Guarantees_You) - October 2022.
10. Sama awareness campaign entitled (#World_Savings_Day) - October 2022.
11. Breast Cancer awareness campaign - October 2022.
12. World Diabetes Day awareness campaign - November 2022.
13. Campaign to encourage the national team in the World Cup under the slogan (#Giddam) - November 2022.

University trainees schedule for 2022						
First semester						
No.	Job number	Trainer name	Major	Training Beginning	Training end	City
1	4021	Abdullah Ibrahim Al-Shuraim	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
2	4022	Rawabi Saleh Al-Osaimi	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
3	4024	Reem Al-Taweel	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
4	4025	Shaden Al Said	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
5	4026	Raneem Khaled Al-Nofal	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
6	4028	Nada Saeed Al-Qahtani	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
7	4030	Muhammad Abdullah Salem Al-Enezi	Insurance and risk management	23-01-2022	21-04-2022	Riyadh
8	4032	Munira bint Abdul Rahman Al-Salem	Finance and investment	23-01-2022	21-04-2022	Riyadh
9	4033	Bashir Nasser Al-Houti	Finance and investment	23-01-2022	21-04-2022	Riyadh
10	4034	Jawaher Salem Theban	Business management	16-01-2022	15-02-2022	Jeddah
Second semester						
1	4035	Ahmed Fouad Al-Ardhi	Insurance and risk management	19-06-2022	24-08-2022	Riyadh
2	4036	Khaled Ahmed Al-Zahrani	Insurance and risk management	19-06-2022	24-08-2022	Riyadh
3	4037	Abdullah Saud Al Madi	Insurance and risk management	19-06-2022	24-08-2022	Riyadh
4	4038	Aseel Muhammad bin Bahair	Insurance and risk management	19-06-2022	24-08-2022	Riyadh
5	4039	Faisal Abdel Aziz Al-Rayes	Information technology	19-06-2022	24-08-2022	Riyadh
8	4040	Abdel-Majid Abdel-Aziz Abanami	Finance	03-07-2022	30-08-2022	Riyadh
6	4041	Mthayel Saleh Mohammed Al-Harbi	Administrative and financial sciences	19-06-2022	11-08-2022	Khobar
7	4042	Sarah Zuri	insurance	19-06-2022	11-08-2022	Khobar
third semester						
No.	Job number	Trainer name	Major	Training Beginning	Training end	City
1	4043	Muhammad Awad Al-Otaibi	Insurance and risk management	28-08-2022	17-11-2022	Riyadh
2	4044	Meshary Abdel Aziz Mansour Al-Saghir	Insurance and risk management	28-08-2022	19-11-2022	Riyadh
3	4045	Abdel Aziz Ahmed Abdel Aziz Jeraisy	Accounting	28-08-2022	19-11-2022	Riyadh
4	4046	Abdullah Jamaan Al-Faleh	Accounting	28-08-2022	03-11-2022	Riyadh
5	4047	Nayef Aref Al-Mutairi	Accounting	28-08-2022	03-11-2022	Riyadh
6	4048	Jarallah Farhan Al-Shammari	Accounting	28-08-2022	03-11-2022	Riyadh
7	4049	Ali Abdul Rahman Al-Taleh	Accounting	28-08-2022	03-11-2022	Riyadh
8	4050	Nayef Abdullah Al-Enezi	Accounting	28-08-2022	03-11-2022	Riyadh

19. The dates of the general assemblies of shareholders which held during the last financial year and the names of the members of the Board of Directors who present at these assemblies

Name	Ordinary General Assembly meeting March 28, 2022	Ordinary General Assembly Meeting 5 June 2022	Extraordinary General Assembly Meeting July 25, 2022
Eng. Muhammad Hani Al-Bakry	Not Attended	Not Attended	He was not a board member
Mr. Hossam Talal Ghazzawi	Attended	Not Attended	He was not a board member
Dr. Abdul Latif bin Mohammed Al Sheikh	Attended	Not Attended	He was not a board member
Mr. Fawaz Mohammed Al-Sharabi	Attended	Not Attended	He was not a board member
Mr. Abdullah Abdul Rahman Al Rabdi	Not Attended	Not Attended	He was not a board member
Mr. Yasser Muhammad Al Jarallah	He was not a board member	Attended	Attended
Mr. Fayez Saleh bin Mahfouz	He was not a board member	Attended	Attended
Mr. Ali Yahya Al-Jaafari	He was not a board member	Attended	Attended
Mr. Abdul Rahman Hassan Al-Amoudi	He was not a board member	Attended	Attended
Mr. Khaled Majid Al-Rasheed	He was not a board member	Not Attended	Not Attended
Mr. Abdullah Abdul Rahman Al Sheikh	He was not a board member	He was not a board member	Attended
Mr. Abdullah Mohammed Al-Qahtani	He was not a board member	He was not a board member	Attended
Mr. Muhammad Mohsen Balharith	He was not a board member	He was not a board member	Attended
Mr. Muhammad Jihad Al-Rasheed	He was not a board member	He was not a board member	Attended
Mr. Muhammad Ibrahim Al-Rasheed	He was not a board member	He was not a board member	Attended

20. Future risks:

There is no doubt that there are future risks that may affect the performance of companies operating in the insurance sector, including the impact of global reinsurance companies on the influences of global markets, and then non-compliance with the terms of reinsurance agreements, although the company only contracts with reinsurers with high financial evaluation, However, the change in the general policies of reinsurers is one of the future risks that may affect the company's performance. Also, among the potential risks: the lack of qualified human resources in the Saudi insurance sector, which the company seeks to reduce through training and qualification programs. This is in addition to other risks such as technology risks, liquidity risks, legal and regulatory risks, and competitive risks.

The company has established a risk management department because of its great importance and effective role in maintaining the stability of the company, and access to the most appropriate means to identify and study the risks facing the company and work to control them.

The risks that the company may face:

Risk Management

(a) Insurance

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims,

actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 36% of total reinsurance assets at the reporting date.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 15% of shareholders' equity on a gross basis and 3% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in medical segment.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates majorly in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Claims are payable to Policyholders and third parties depending upon the terms of the contract as contained in policy terms and conditions. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sources of uncertainty in estimation of future claim payments -(Continued)

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral reasonable estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based

on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one- off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve in result of liability adequacy test) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as at the statement of financial position date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

Sensitivity analysis

The Company believes that the estimated claim liabilities under insurance contracts disclosed in the financial statements outstanding at the year-end are considered to be adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 2% change in the claim ratio, net of reinsurance, would impact net underwriting income/ (loss) as follows;

	<u>Income/ (loss) from insurance operations</u>	
	31 December, 2021	31 December, 2022
	SAR'000	SAR'000
Impact of change in claim ratio by - 2%		
Medical	31,582	45,203
Motor	(67,594)	(29,660)
General Accident	7,598	21,110
Others	26,932	3,336
	(1,482)	39,989

	<u>Income/ (loss) from insurance operations</u>	
	31 December, 2021 SAR'000	31 December, 2022 SAR'000
Impact of change in claim ratio by + 2%		
Medical	26,820	50,703
Motor	(81,650)	(12,706)
General Accident	7,114	21,734
Others	26,860	3,422
	(20,856)	63,153

(b) Reinsurance risk

In order to limit the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsuring its exposures.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

(b) Reinsurance risk-(Continued)

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors. The criteria may be summarized as follows: - Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent

- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors before approving them for exchange of reinsurance business. As at 31 December 2022 and 2021, there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the

Company's Board Investment Committee and Risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders and shareholders which are in line with their expectations.

- The Company stipulates diversification benchmarks by type of instrument and geographical area, as the Company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

- There is strict control over hedging activities (e.g., equity derivatives are only permitted to be held to facilitate portfolio management or to reduce investment risk).

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Arabian Riyals. So that the foreign currency risk is not significant.

Commission Rate Risk

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The Commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments.

An increase or decrease of 50 basis points in interest yields would result in a change in the income for the year of SAR 2.25 million (2021: SAR 0.91 million).

The commission bearing investments of the Company and their maturities as at December 31, 2022 and 2021 are as follows:

	Less than 1 Year	More than 1 Year	Total
Insurance Operations			
2022	373,084	-	373,084
2021	185,412	-	185,412
Shareholders Operations			
	77,978	-	77,978
	-	-	-

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's investments amounting to SAR 27.4 million (2021: SAR 28.7 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on Company's profit would be as follows:

	Fair value change	Effect on Company's profit SR'000
31 December 2022	+ / - 10%	2740
31 December 2021	+ / - 10%	2880

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2022 and 2021. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The table below shows the maximum exposure to credit risk for the relevant components of the statement of financial position.

	31December, 2021 SAR'000	31 December, 2022 SAR'000
ASSETS - INSURANCE OPERATIONS		
Cash and cash equivalents	52,973	403,273
Premiums and reinsurers' receivable – net	98,415	115,717
Reinsurers' share of outstanding claims	12,955	17,334
Reinsurers' share of claims incurred but not reported	8,498	10,299
Prepayments and other receivables	57,950	66,674
Total	230,791	613,297

	31December, 2021 SAR'000	31December, 2022 SAR'000
Income from insurance operations		
Cash and cash equivalents	-	81,145
Available-for-sale investments	50,721	49,319
Total	50,721	130,464

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. Approximately 100% (2021: approximately 100%) of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk exposure

	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
	<u>Investment grade</u>		<u>Non-investment grade</u>		<u>Unrated</u>	
	SAR'000		SAR'000		SAR'000	
Investments:						
Available-for-sale	-	-	-	-	-	-
Debt instruments	-	-	20,000	20,000	-	-
Equities	11,508	12,507	-	-	-	-
Other	17,290	14,889	-	-	1,923	1,923
Premium and reinsurance balances receivable:						
Policyholders' and brokers and agents	-	-	-	-	100,656	111,950
Due from a related party	-	-	-	-	1,820	-
Reinsurance receivables	-	-	-	-	6,446	14,831
Total	28,798	27,396	20,000	20,000	110,845	128,704

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Deposits are expected to be matured within 6 months from the date of placement.
- Cash and bank balances are available on demand.
- Reinsurers share of outstanding claims majorly pertain to property and casualty segment and are generally realized within 6 to 12 months based on settlement of balances with reinsurers.

The liabilities with maturity less than one year are expected to settle as follows:

- Reinsurers' balances payable are settled on a quarterly basis as per terms of reinsurance agreements.
- As per the Regulation, all insurance claims need to be settled within the time limits specified in this regard. Majority of gross outstanding claims are expected to be settled within the time limits set in this regard subject to meeting all the documentation requirements. Property and casualty policies due to the inherent nature are generally settled within 45 days from the date of receipt of loss adjustor report
- The claims payable, accrued expenses and other liabilities are expected to settle within a period of 1-3 months from the period end date.
- Surplus distribution payable is to be settled within 6 months of annual general meeting in which financial statements are approved

(e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment

management behavior. Operational risks arise from all of the Company's activities. The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation policies and procedures.

Senior Management ensures that the Company's staff has adequate training and experience and fosters effective communication related to operational risk management.

21. A description of any deal between the company and a related party

N/A

Related party	Name of the board member	Type of deal	Duration	Amount in SAR

22- Information related to any work or contracts in which the company is a party or in which a members of directors or senior executives has an interest

Nature of work or contract	Amount of work or contract in SAR	Duration of work or contract	Contract or work conditions	Member name / or senior executives
Car Insurance Policies	2	One year	Insurance in accordance with regulations	Mr. Mohamed AL- Qadi
Car Insurance Policies	4	One year	Insurance in accordance with regulations	Mr. Hassan AL- Hazemi
Car Insurance Policies	1	One year	Insurance in accordance with regulations	Mr. Talal Al-Zahrani
Car Insurance Policies	1.4	One year	Insurance in accordance with regulations	Mr. Moutaz AL-Jadid
Car Insurance Policies	0.4	One year	Insurance in accordance with regulations	Mr. Abdel Aziz Al-Fakhry
Car Insurance Policies	2.4	One year	Insurance in accordance with regulations	Mrs. Maram Al-Khathlan
Car Insurance Policies	2.4	One year	Insurance in accordance with regulations	Mr. Abdul Latif Al-Khathlan
Car Insurance Policies	4.6	One year	Insurance in accordance with regulations	Mr. Tawfiq Ali Al-Koli
Car Insurance Policies	0.5	One year	Insurance in accordance with regulations	Mr. Adil Al-Suleiman
Car Insurance Policies	5.8	One year	Insurance in accordance with regulations	Mr. Abdullah bin Mashhoor

23. Investments:

The company invests its funds deposited in Local Banks in low-risk Murabaha programs in accordance with the provisions of Islamic Sharia, in addition to Investing in bonds, securities listed, Units in Local real estate fund available for sale. ALLIED COOPARTIVE INSURANCE GROUP owns in Najm for Insurance Services (A Saudi closed joint stock company),

as it owns 3.85% of the company's shares, the value of nominal investment in Company records SAR 1,923,000. The company commenced its activity to implement the business of settling vehicle claims as follows:

AVAILABLE-FOR-SALE INVESTMENTS

	2021 SAR'000	2022 SAR'000
Investment in Sukuk	20,000	20,000
Quoted securities	11,508	12,507
Unquoted securities	1,923	1,923
Units in quoted local real estate fund	17,290	14,889
	50,721	49,319

Movements in available-for-sale investments are as follows:

	Total SAR'000	Units in quoted local real estate fund SAR'000	Unquoted securities SAR'000	Quoted securities SAR'000	Investment in Sukuk SAR'000
As at January 01, 2022	50,721	17,290	1,923	11,508	20,000
Additions during the year	1,252	-	-	1,252	-
Changes in fair value of invest	(2,654)	(2,401)	-	(253)	-
As at 31 December 2022	49,319	14,889	1,923	12,507	20,000

	Investment in Sukuk SAR'000	Quoted securities SAR'000	Unquoted securities SAR'000	Units in quoted local real estate fund SAR'000	Total SAR'000
As at January 01, 2022	20,000	11,508	1,923	17,290	50,721
Additions during the year	-	1,252	-	-	1,252
Changes in fair value of invest	-	(253)	-	(2,401)	(2,654)
As at 31 December 2022	20,000	12,507	1,923	14,889	49,319
As at January 01, 2021	20,000	11,177	1,923	16,159	49,259
Changes in fair value of investments	-	331	-	1,131	1,462
As at 31 December 2021	20,000	11,508	1,923	17,290	50,721

This concludes the report of the Board of Directors on the Company's work for the year 2022 AD, and Allah is the Arbiter of Success.