

ALLIED COOPARTIVE INSURANCE GROUP



Report of the Board of Directors  
1443 A.H - 2021 A.D

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## **Address by Chairman**

Ladies and gentlemen/shareholders

Peace, mercy and blessings of God,,,

On my own behalf and on behalf of the members of the Board of Directors, I am pleased to place a statement I herewith present the annual report for 2021, which shows the performance of the company and the results of its main activities, as well as the financial lists for the financial year ended 31 December 2021. We look forward to better things in the years to come by God's will.

On behalf of the members of the board of directors, I would like to thank you, all the relevant regulatory and governmental authorities and all the employees of the company for their support and efforts that contributed to what was achieved during 2021.

**"May Allah Cause Success"**



**Fawaz Mohammed Al-Sharabi**  
**Chairman**

## Board of Directors and Support Committees

### Board of Directors:

1. Mr. Fawaz Mohammed Al-Sharabi
2. Mr. Hussam bin Talal Al-Ghazawi
3. Eng. Muhammad Hani Bin Abd El-Qader Al-Bakri
4. Mr. Abdallah Abdel Rahman Al-Rbedi
5. Dr. Abdullatif bin Mohammed Al Al Sheik

**Chairman**  
**Vice-President of the Board**  
**member**  
**member**  
**member**

### Executive Committee:

1. Mr. Fawaz Mohammed Al-Sharabi
2. Eng. Muhammad Hani Bin Abd El-Qader Al-Bakri
3. Mr. Hussam bin Talal Al-Ghazawi
4. Dr. Abdullatif bin Mohammed Al Al Sheik

**Chairman of the committee**  
**committee member**  
**committee member**  
**committee member**

### Audit committee:

1. Mr. Abdallah Al-Harbi
2. Mr. Nabil Nasif.
3. Dr. Masoom Bellah
4. Mr. Abdallah Al-Shebeili

**Chairman of the committee**  
**committee member**  
**committee member**  
**committee member**

### Nominations and Awards Committee:

1. Mr. Mishaal Ibrahim Al-Otaibi
2. Mr. Fawaz Mohammed Al-Sharabi
3. Dr. Abdullatif bin Mohammed Al Al Sheik
4. Mr. Naif Al-Tamimi

**Chairman of the committee**  
**committee member**  
**committee member**  
**committee member**

### Investment Committee:

1. Mr. Mishaal Ibrahim Al-Otaibi
2. Mr. Abdallah Abdel Rahman Al-Rbedi

**Chairman of the committee**  
**committee member**

### Risk management committee:

1. Mr. Hussam bin Talal Al-Ghazawi
2. Dr. Yusuf Basudan
3. Mr. Abdallah Abdel Rahman Al-Rbedi

**Chairman of the committee**  
**committee member**  
**committee member**

## Report of the Board of Directors

### First: Principal activities:

ALLIED COOPARTIVE INSURANCE GROUP (ACIG), as a general shareholding company, carries out cooperative insurance work pursuant to the Saudi Central Bank's License No. (ICN/21/20095) and 15/5/1430 AH, corresponding to 11/5/2009 AD, the permit was renewed for three consecutive years as the last renewal of the permit ends on 12/05/1445 AH.

The determination of the company's main activity includes: Health and general insurance, which includes vehicle insurance, property insurance against fire, theft, damage, etc., maritime insurance, engineering insurance and general accident insurance.

**The impact of these key activities on the company's business volume and contribution to the results are as follows:**

	Activity revenues	Ratio
	Value (SAR)	
vehicles	383,498.00	64.72%
Medical	159483.00	26.91%
General accidents	20,592.00	3.47%
Engineering	7,255.00	1.22%
Fire	19,141.00	3.23%
Maritime	2,620.00	0.44%
Others	(1.00)	0.00%
<b>Total</b>	<b>592,588</b>	<b>100%</b>

The company faces several risks by providing general and health insurance, the most important of which are: market risk, including intense competition among more than thirty insurance companies. The company hopes to achieve its goals and continue its work in the interests of shareholders and dealers.

### Second: A description of the company's plans, key decisions, and future business prospects:

The launch of the company's new automated system is expected to improve customer service, increase productivity and sales, increase performance efficiency and reduce costs, and facilitate the development of internal systems to help increase business competitiveness. The company's strategic plan was approved for the next three years (2021-2023), and mechanisms were put in place to monitor the achievement of the company's goals.

"On January 24, 2021, Mr. Hatem Mohamed El Wabel was appointed head of the Internal Audit Department."

On 4 April 2021, Mr. Tawfiq al-Kuli was appointed as Financial Director.

On November 7, 2021, Mr. Yasser Saleh Nasrallah was appointed as Chief of Information Security.

On 28 November 2012, Mr. Abdulsalam Nasser Al-Ba'oud was appointed Director of Actuarial Services.

On 30 September 2021, Mr. Tawfiq al-Kuli was appointed as the Vice-President for Finance and Investment.

Eng. Majid Mohammed Al-Chaudhry, head of information security, resigned on May 31, 2021 .

Mr. Ammar Magtouf Al-Sahn - Assistant Chief Executive for Strategy and Development - resigned on December 26, 2021.

On 24 January 2021, the job title of Mr. Hani Rostom was changed from Internal Audit Head to Internal Audit Adviser.

On Sept. 30, 2021, the job title of Mr. Shaul Hamid was changed from Vice President for Finance and Investment to Finance Advisor.

The board of directors of the company approved the resignation of the chairman of the board of directors, Nouf bint Saud Al-Haqbani, from the membership and chairmanship of the board of directors and its committees in its meeting on 15-02-2021.

The board also decided to appoint Fawaz al-Sharabi, a member of the board of directors, as chairman of the board of directors. The board stipulated that the Central Bank of Saudi Arabia would not object at the same meeting.

The company's board of directors approved the appointment of Mr. Mishaal Ibrahim Al-Otaibi as an independent member at its meeting on 23-05-2021. The appointment will be presented to shareholders for voting at the first meeting of the General Assembly, the date of which will be announced later.

At its meeting held on 20/10/1442 A.H., corresponding to 01/06/2021, the Board of Directors agreed to accept the resignation of Mr. Hisham Mohammed Al-Sharif from his position as Executive Chairman of the Company and from his position as a member of the Board of Directors (Executive) and the committees emanating from the Board. The resignation shall take effect as of 31/08/2021. The last day he worked in those positions is 31/08/2021.

On June 15, the General Assembly did not approve the appointment of Mr. Khaled Al-Jaser and Mr. Abdullah Al-Harbi as board members.

On 31-08-2021, the Board of Directors approved the appointment of Mr. Mohammed Abdullah Qadi, as the company's CEO, from 01-09-2021, after obtaining the Saudi Central Bank's objection to the appointment.

On 11 October 2021, the Company's Board of Directors approved the appointment of Mr. Abdullah Saleh Al-Harbi as an independent member of the Board of Directors from the date of the decision until the end of the current session of the Board, which ends on 17 May 2022. The company also received an e-mail from the Central Bank of Saudi Arabia on 29 December 2020, which states that the Central Bank of Saudi Arabia does not object to this appointment. The appointment will be presented to the shareholders for a vote at the first meeting of the General Assembly, the date of which will be announced later.

On 21 October 2021, the Board of Directors approved the appointment of Mr. Saad bin Mohammed Al-Huwaimal as a member of the audit committee from the date of the decision until the end of the current session of the Board, which ends on 17 May 2022. The company received an e-mail from the Central Bank of Saudi Arabia on 14 July 2021, which includes the objection of the Central Bank of Saudi Arabia to this appointment. The appointment will be put to the vote of shareholders at the first meeting of the General Assembly, the date of which will be announced later.

The Board of Directors approved by passing the resignation of Board member Mr. Adel Muhammad Jamjoom from the board of directors on 29-11-2021.

**- On 29-12-2021, the extraordinary General Assembly adopted resolutions**



1- To approve the recommendation of the company's board of directors to increase the company's capital by introducing priority rights in accordance with the following:

Method of increase: Offering and listing rights issues of (15,000,000) ordinary shares.

Reasons for increase: Enhance solvency and support expansion.

Date of eligibility: In the event that the item is approved, shareholder shareholders will be eligible on the day of the extraordinary General Assembly, which will be recorded in the Company's Shareholder Register at the Securities Depository (Deposit Center) at the end of the second trading day following the date of the extraordinary General Assembly.

Total amount of Offering: (SAR 150,000,000).

Amendment of Article 8 of the Company's Capital Regulations.

2- Disapproval the decision of the Board of Directors to appoint Mr. Mishaal Ibrahim Al-Otaibi as a member (independent member) of the Board of Directors from the date of his appointment on 23/05/2021 to complete the session of the Board until the end of the current session on 17/05/2022, succeeding former member Mr. Tareq Abdullah Hussein Al-Rumaim (independent member).

3- Disapproval of the decision of the Board of Directors to appoint Mr. Abdullah Saleh Al-Harbi as a member (independent member) of the Board of Directors from the date of his appointment on 11/10/2021 to complete the session of the Board until the end of the current session on 17/05/2022, succeeding former member Mr. Thamer Abdullah Bin Reis (non-executive member).

4- Disapproval the increase in the number of seats of the audit Committee from 4 to 5 to the number of members of the audit Committee by appointing Mr. Saad Bin Mohammed Al-Huwaimal as a member of the audit Committee (non-Board members) from the date of approval by the Assembly until the end of the current term of the Committee on 17/05/2022.

### Business Prospects:

1. Streamline the telemarketing process with artificial intelligence for all products, facilitating easier communication, document renewal and cost reduction.
2. Develop a unit specializing in direct marketing in accordance with advanced digital mechanisms.
3. Develop e-sales professionally to facilitate customer experience, helping services grow and sales grow.
4. Develop multiple different products that meet customer needs and increase sales.
5. Continued development of mechanisms and programs through price comparison sites.
6. Training courses for sales personnel throughout the Kingdom on the terms and conditions of sale of insurance companies continue to be intensified.
7. Work on marketing campaigns for certain insurance products for individual segments that meet all the requirements of the Saudi Arabian Monetary Agency.
8. Increase e-marketing campaigns to increase sales of non-mandatory products.

### Third: Financial results summary:

The table below shows the summary of the financial statements for the financial year ended 31/12/2021, which are as follows:

#### 1-summary of the company's financial statements (figures in thousands of SAR)

Activity	2021	2020	2019	2018	2017
Assets of insurance operations	539,373	447,022	408,038	407,425	388,329
Shareholders ' assets	87,476	160,388	154,792	144,791	141,468
Total assets	626,849	607,410	562,830	552,216	529,797
Total liabilities of insurance operations	539,373	447,022	408,869	407,785	388,329
Shareholders ' liabilities	53,903	13,693	10,333	6,783	3,534
Shareholders ' equity	33,573	146,695	144,459	138,008	137,934
Total liabilities and equity	87,476	160,388	154,792	144,791	141,468
Total subscribed premiums	592,588	515,117	529,352	500,013	429,972
Net subscribed premiums	514,057	449,460	470,867	456,012	365,917
Net income	489,075	455,793	473,101	450,305	370,159
Total liabilities paid	430,130	382,842	399,682	346,972	299,436
Net liabilities incurred	411,850	339,932	361,308	324,871	246,888
General and administrative expenses	82,469	76,591	79,932	79,150	76,247
Investment income and other income from insurance operations	1,663	2,150	4,605	4,157	2,570
Excess (deficit) in insurance operations less return on investments of document holders (operational results)	-105,549	2,420	668	4,347	14,975
Net profit (loss) of year before zakat and income taxes	-104,008	3,546	7,115	2,358	18,117

#### 2- The following are some of the financial indicators and ratios of the above figures: -

Statement	2021	2020	Value of changes	Rate of change
	Value (1000 SAR)	Value (1000 SAR)	Value (1000 SAR)	
Assets of insurance operations	539,373	447,022	92,351	21%
Shareholders ' assets	87,476	160,388	(72,912)	-45%
Total assets	626,849	607,410	19,439	3%
Total liabilities of insurance operations	539,373	447,022	92,351	21%
Shareholders ' liabilities	53,903	13,693	40,210	294%
Shareholders ' equity	33,573	146,695	(113,122)	-77%
Total liabilities and equity	87,476	160,388	(72,912)	-45%



### 3- Substantive differences in operational results:

Statement	2021	2020	Value of changes	Rate of change
	Value (1000 SAR)	Value (1000 SAR)	Value (1000 SAR)	
Total subscribed premiums	592,588	515,117	77,471	15%
Net subscribed premiums	514,057	449,460	64,597	14%
Net income	489,075	455,793	33,282	7%
Total liabilities paid	430,130	382,842	47,288	12%
Net liabilities incurred	411,850	339,932	71,918	21%
Total general charges	82,469	76,591	5,878	8%
Investment and other income for insurance operations	1,663	2,150	-487	-23%
Excess (deficit) in insurance operations less return on investments of document holders (operational results)	(105,549)	2,420	-107,969	-4462%
Net profit (loss) of year	(104,008)	3,546	-107,554	-3033%

The company has net loss during current year compared to net profit during the previous year this is due to increase in net claims incurred by 21%, decrease in profit of policyholders investments by 28%, decrease in profit of shareholders investments by 6%, decrease in other underwriting income by 95%, increase in policy acquisition cost by 145 %, increase in general and administrative expenses by 9 %, besides the company create doubtful debts provision in amount SR 1,784 Thousand during the current year comparing reserve the provision in amount SR 4,354 thousand during the previous year , although increase in gross premiums written by 15%, increase in net written premiums by 14%, increase in net premiums earned by 9%, Increase in reinsurance commission earned by 14 %,increase in other income by 933%

The company sells all types of general and health insurance. The following is an analysis of the volume of work carried out by the company during 2017 - 2021:

Name	2021 Value (1000 SAR)	2020 Value (1000 SAR)	2019 Value (1000 SAR)	2018 Value (1000 SAR)	2017 Value (1000 SAR)
Fire insurance	19,141	20,843	14,520	9,258	10,496
Engineering insurance	7,255	6,500	1,997	2,845	10,591
Marine insurance	2,620	2,413	2,620	1,656	1,054
General Insurance	20,592	19,316	15,902	9,360	21,119
Car insurance	383,498	339,229	354,693	323,683	271,305
Health insurance	159,483	126,710	139,036	152,751	115,155
Other types of insurance	-1	106	584	460	252
Total	592,588	515,117	529,352	500,013	429,972

### 4. the following is a geographical analysis of business volume

Area name	Value (1000 SAR) 2021
Central region	218,504
Western region	232,903
Eastern province	60,034
Northern region	33,047
Southern region	48,100
Total	592,588

## Fourth: statutory disclosures:

### 1. Applicable provisions of the Corporate Governance Regulation, unless applied and for reasons.

Through the Internal Audit and Compliance Department, the company monitors the issuance of all regulations and rules and ensures that they are applied in accordance with the requirements set by the oversight authorities. The Department of Compliance is following up with the regulators to verify strict compliance. The company complied with all the provisions of the Financial Market Authority's corporate governance regulation. Whereas at the first extraordinary meeting of the General Assembly, held on the evening of Monday 21/07/1433 AH, corresponding to 11/06/2012, the Assembly approved the addition of an article (37) to the Statute of the Company, which shall be concerned with the cumulative vote in the general associations of shareholders. According to the Company's Statute and Internal Regulations, shareholders are entitled to:

- Receive a share of the profits to be distributed.
- Get a share of company assets on liquidation.
- Attending general assemblies, participating in their deliberations and voting on their decisions.
- disposal of shares.
- Monitoring the work of the Board of Directors and to bring a claim of responsibility to the members of the Board.
- Inquire and request information that is not detrimental to the interests of the company and does not contradict the market system and the executive regulations.

The General Assembly met on Monday 07-04-1439 AH, corresponding to 25-12-2017 AD, and approved the amendments and additions to the company's governance regulation. In line with the Saudi Financial Market Authority's (SFMA) Governance Regulation, taking into account the Insurance Companies Governance Regulation issued by the Saudi Central Bank.

The company shall apply all the provisions of the Corporate Governance Regulation of the Financial Market Authority except those set out below:

Article/paragraph number	Article/paragraph Context	Reasons for not applying
<b>Article 24 (Paragraph C)</b>	The Board of Directors shall clearly define the terms of reference and responsibilities of the Chairman, Vice-Chairman and Managing Director, if any.	There are terms of reference for the chairman of the board stipulated in the company's bylaws. Work will be done to prepare a policy that includes the competencies of the vice president
<b>Article 85</b>	The company shall develop programs to develop and stimulate the participation and performance of its employees, including, in particular: <ol style="list-style-type: none"> <li>1. Form committees or hold specialized workshops to listen to the opinions of the workers in the company and discuss the issues and topics covered by important decisions.</li> <li>2. employee-grant programs - a share of the company's profits and pension programs - and a separate fund to spend on those programs.</li> <li>3. The establishment of social organizations for the employees of the company.</li> </ol>	The material is instructive
<b>Article 87</b>	The General Assembly, on the proposal of the Board of Directors, shall establish a policy to ensure a balance between its objectives and those to which society aspires, with a view to developing the social and economic conditions of society.	The material is instructive

<b>Article 88</b>	<p>The Board of Directors shall develop programs and determine the means to launch the company's initiatives in the field of social work, including:</p> <ol style="list-style-type: none"> <li>1) Development of benchmarks linking company performance with initiatives in social work and comparing them with other companies of similar activity.</li> <li>2) Disclose, raise awareness and educate employees about the social responsibility goals of the company.</li> <li>3) The disclosure of plans to achieve social responsibility in periodic reports relating to the activities of the company.</li> </ol> <p>Develop community awareness programs to promote corporate social responsibility.</p>	<p>The material is instructive</p>
<b>Article 95</b>	<p>In the event that the Board of Directors establishes a Committee on Corporate Governance, it shall delegate to it the competencies prescribed by Article 94 of this Regulation. The Committee shall follow up any matters concerning the application of governance and shall provide the Board of Directors, at least annually, with its reports and recommendations.</p>	<p>The material is instructive</p>

## 2- Profit distribution policies:

The company shall apply the policies set forth in the company's statutes concerning the distribution of the profits of the shareholders in Article 46. With reference to Article 45, Zakat and the Reserve, the company shall:

### Article 45: Zakat and statutory:

Company shall:

1. Set aside zakat and assessed income tax.
2. Set aside (20%) net profits to form a regular reserve, and the General Assembly may suspend such set-aside when the total reserve amounts to 100% of the paid capital.
3. In determining the share of shares in the net profit, the General Assembly may decide to establish other reserves, to the extent that it is in the interest of the company or to ensure that fixed profits are distributed as far as possible to shareholders.
4. The annual net profits of the company, which it determines after deducting all general expenses and other costs, and the formation of reserves necessary to meet dubious debts, investment losses, and contingent liabilities, which the Board of Directors deems necessary, shall be distributed in accordance with the provisions of the Cooperative Insurance Companies Control System and the provisions issued by the Central Bank of Saudi Arabia. The remaining profits, after deduction of the reserves prescribed by the relevant regulations and zakat, shall be allocated a minimum of 5% of the capital paid to be distributed to shareholders in accordance with what is proposed by the Board of Directors and decided by the General Assembly. If the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, shareholders may not claim it in the following year or years. The General Assembly may not approve the distribution of a percentage of profits that is greater than what the Board proposes.

### Article 46: Earnings:

The shareholder shall be entitled to its share of the profits in accordance with the relevant General Assembly resolution. The decision shall indicate the due date and the date of distribution. The profits of the equity owners registered in the shareholders' registers shall be at the end of the day specified for the benefit. The company shall notify the Financial Market Authority without delay of any decisions to distribute the profits or to recommend them. It shall pay the profits to be distributed to the shareholders in the place and at the dates specified by the Board of Directors, in accordance with instructions issued by the competent authority and taking into account the prior written approval of the Saudi Arabian Monetary Agency

### 3 - Names, current and previous functions, qualifications and experience of members of the Board of Directors, members of committees and executive management

#### A. APPOINTMENT OF DIRECTORS

S N .	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mr. Fawaz Mohammed Al-Sharabi	Managing Director, Australian Aviation College (Avischin Australia)	Chief Executive Officer of Saudi Aircraft Preparation and Maintenance Company	Bachelor of Industrial Engineering	Member of the Board of Directors of the Middle East Aircraft Engine Company - Chairman of the Board of Directors of the Helicopter Company
2	Mr. Hossam Talal Ghazawi	Partner Manager of Al-Ghazawi Legal Consulting Company	Partner Manager of Al-Ghazawi Legal Consulting Company	Bachelor of Laws	Member of the Board of Directors from 1992 to date Experience in legal work, business management and development
3	Eng. Mohammed Hani bin Abdulkader Al-Bakri	Member of the Board of Directors of the Allied cooperative insurance group (ACIG)	None	1982 Bachelor of Nuclear Engineering	management and financial expertise in the management of several companies
4	Dr. Abdul Latif bin Mohammed Al-Sheikh	CEO of BE Systems Saudi development and training company	Executive vice president of strategy and business development for BE systems	Doctor of Business Administration	Experience in business development, strategy and business management
5	Mr. Abdullah Abdulrahman Al-rabdi	Member of the board of Directors of Allied cooperative insurance group (ACIG)	Chief Executive Officer, Al Othaim holding	Master of international management-business administration	CEO of CARE International - General Manager of Saudi paper manufacturing company

#### B. Committee members:

##### Audit committee

SN.	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mr. Abdullah Al-Harbi	Chartered accountant-partner in Al-Awfi & Al-Harbi chartered accountants & auditors	Internal audit manager at Al Rajhi Bank and King Abdullah Financial Center	MSc Accounting and finance	Internal audit-Zakat & tax - audit - Value Added Tax
2	Mr. Nabil Nassif	Consultant	Deputy Secretary General of the Association of Neighborhood Centers in Jeddah Islamic Development Bank	Master of Business Administration	Banking and charitable sector
3	Dr. Masum Bellah	Mr. of Finance, Insurance and Islamic economics-King Abdulaziz University	Vice chancellor uktic Malaysia	PH D	Insurance
4	Mr. Abdullah Al-Shaibeli	Executive Chairman of the Saudi Society of Internal Auditors	Lockheed Martin Compliance Manager, Flag Company Internal Authority for Information Security, Siemens, and Mobily Operating Review Manager	Bachelor of Accounting	internal review and commitment

### Nomination and reward committee

SN.	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mr. Mishaal Ibrahim Al-Otaibi	Abdullah Al-Othaim Investment Company CEO	Mohammed Abdul Aziz Al-Rajhi, CEO and Board Member	BA from King Saud University	a board member of Abdullah Al-Othaim Investment Company, chairman of the board of directors of a fashion company, and chairman of the board of directors of the global refreshments company
2	Mr. Fawaz Al-Sharabi	Managing Director, Australian Aviation College (Avischin Australia)	Chief Executive Officer of Saudi Aircraft Preparation and Maintenance Company	Bachelor of Industrial Engineering	Member of the Board of Directors of the Middle East Aircraft Engine Company - Chairman of the Board of Directors of the Helicopter Company
3	Mr. Naif Al-Tamimi	Chief, Human Resources Department, Four Seasons Hotel	Regional Personnel Manager - Intercontinental Hotel	Business Administration (Bachelors)	HR
4	Dr. Abdullatif bin Mohammed Al Al Sheik	CEO of BE Systems Saudi development and training company	Executive vice president of strategy and business development for BE systems	Doctor of Business Administration	Experience in business development, strategy and business management

### Risk management committee

SN.	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mr. Hossam Talal Ghazawi	Partner Manager of Al-Ghazawi Legal Consulting Company	Partner Manager of Al-Ghazawi Legal Consulting Company	Bachelor of Laws	Member of the Board of Directors from 1992 to date Experience in legal work, business management and development
2	Mr. Abdullah Abdulrahman Al-rabdi	Member of the board of Directors of Allied cooperative insurance group (ACIG)	Chief Executive Officer, Al Othaim holding	Master of international management-business administration	CEO of CARE International - General Manager of Saudi paper manufacturing company
3	Dr. Yusuf Basudan	Retired - currently on contract with King Abdulaziz University/faculty member	Under-Secretary of the Institute of Islamic Economics for Graduate Studies and Scientific Research, King Abdul Aziz University	PhD	Audit and financial accounting



## INVESTMENT COMMITTEE

SN.	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mr. Mishaal Ibrahim Al-Otaibi	Abdullah Al-Othaim Investment Company CEO	Mohammed Abdul Aziz Al-Rajhi, CEO and Board Member	BA from King Saud University	a board member of Abdullah Al-Othaim Investment Company, chairman of the board of directors of a fashion company, and chairman of the board of directors of the global refreshments company
2	Mr. Abdullah Abdulrahman Al-rabdi	Member of the board of Directors of Allied cooperative insurance group (ACIG)	Chief Executive Officer, Al Othaim holding	Master of international management-business administration	CEO of CARE International - General Manager of Saudi paper manufacturing company

## Executive committee

SN.	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mr. Fawaz Al-Sharabi	Managing Director, Australian Aviation College (Avischin Australia)	Chief Executive Officer of Saudi Aircraft Preparation and Maintenance Company	Bachelor of Industrial Engineering	Member of the Board of Directors of the Middle East Aircraft Engine Company - Chairman of the Board of Directors of the Helicopter Company
2		Member of the Board of Directors of the Allied cooperative insurance group (ACIG)	None	1982 Bachelor of Nuclear Engineering	management and financial expertise in the management of several companies
3	Mr. Hossam Talal Ghazawi	Partner Manager of Al-Ghazawi Legal Consulting Company	Partner Manager of Al-Ghazawi Legal Consulting Company	Bachelor of Laws	Member of the Board of Directors from 1992 to date Experience in legal work, business management and development
4	Dr. Abdullatif bin Mohammed Al Al Sheik	CEO of BE Systems Saudi development and training company	Executive vice president of strategy and business development for BE systems	Doctor of Business Administration	Experience in business development, strategy and business management



### C- Executive departments

SN	Name	Current positions	Former positions	Qualifications	EXPERIENCE
1	Mohammed bin Abdullah Al-Qadi	Chief Executive Officer and Chief of Operations and Substantive Affairs - Allied cooperative insurance group (ACIG)	<ul style="list-style-type: none"> <li>* Regional Director of the Central Cooperative District.</li> <li>*Marketing Channel Manager - Cooperative</li> <li>*Director of the Regional Office for the Central-Cooperative Region.</li> <li>* Commercial Insurance subscription Manager - Cooperative.</li> <li>*Trade Insurance Subscription Manager - Cooperative.</li> <li>* Customer Relations Officer - Cooperative.</li> </ul>	<ul style="list-style-type: none"> <li>* Bachelor of Marketing (1992)</li> <li>* Diploma in Customer Satisfaction &amp; it's contribution to Profit (1995)</li> <li>*COP - London (1996)</li> <li>* PIC - London (2004)</li> <li>*Several advanced international courses in strategic administration and administration (2004-2011)</li> <li>* Certified trainer certification (2014)</li> </ul>	<p>Design insurance products.</p> <ul style="list-style-type: none"> <li>*Insurance market study and forecasts.</li> <li>*Spreading and conquering markets.</li> <li>*Preparing budgets and strategic plans.</li> <li>*Manage Technical Section Subscription and Liabilities.</li> <li>* Sales &amp; Marketing Dept.</li> <li>*Monitor all company operations and make necessary optimization solutions.</li> <li>*Constantly scale to all systems, automate and make your applications easy to operate.</li> <li>*Set up reinsurance programs and control risk allocation.</li> <li>*Training and curriculum design for some institutes and training centers.</li> <li>Participant and speaker at some insurance conferences internally and externally.</li> <li>Financial Academy Certified Cooperative Trainer</li> </ul>
2	Hasan Awad Hasan Al-Hazmi	Executive Vice President for Marketing and Sales	<ul style="list-style-type: none"> <li>1- Irfan Group IT 2000-2002</li> <li>2- Deputy Director-General of the Insurance Cooperative Agent 2002-2006</li> <li>3- Chief Executive Officer of Solutions Insurance Brokerage 2006-2009</li> </ul>	B.A. Electrical Engineering - Computer Department	<p>information technology, marketing and electronic sales, insurance sales</p>

			<p>4- Director of Personnel Insurance - ACIG 2009 - 2013</p> <p>Executive Vice President for Marketing and Sales 2013 - to date</p>		
3	Abdul-Aziz Freyan Al-Anzi	Deputy Chief Executive, Vehicle Sector	<p>More than 16 years of experience in the various departments of the vehicle insurance sector include liabilities and subscription. Director, Car Subscription Department, Insurance Cooperative</p>	<p>insurance diploma</p> <p>B.A. Business Administration - Electronic Commerce Specialization</p>	vehicle insurance
4	Tawfiq Al-Kali	Deputy Chief Executive Officer for Finance and Investment - assigned	<p>More than 16 years of experience in financial management and investment between the audit, audit, banking, banking, industrial, educational and insurance sectors at present</p>	<ul style="list-style-type: none"> <li>- Master of Finance and Accounting, University of Bangor, United Kingdom</li> <li>- Academic English Certificate - Oxford Brooks University, Oxford, UK</li> <li>- BA, Umm Al Qura University, Mecca, Saudi Arabia</li> <li>- Various specialized courses in finance and administration</li> </ul>	<ul style="list-style-type: none"> <li>- Review and audit, Ernst &amp; Young (E&amp;Y)</li> <li>- Bank of Riyadh, Banking Services</li> <li>- Samba Bank, Banking and Compliance</li> <li>- York Johnson Contractors, Financial Management</li> <li>- Umm al-Qura University, lecturer, accounting department</li> <li>- Jeddah University, supervisor of financial management, director of investment and accounting and self-sustainment</li> <li>- ACIG Insurance Company, CFO, CEO of Finance and Investment Assigned</li> </ul>

5	Majid Yamani	Chief Human Resources and Administration Manager	<p>Project Manager - International Company for Advanced Education and Training (English Project in the preparatory year) - King Saud University.</p> <p>2- Director of Human Resources - International Corporation for Advanced Education and Training.</p>	<p>- Master of International Human Resources Management, University of Westminster, UK.</p> <p>- B.A., Business Administration, University of Westminster, UK.</p>	Human Resources Management and Administration
6	Talal Al-Zahrani	Customer experience leader	<p>1- Technical Support Engineer, Gulf Company for Computer Services (SPSNET) 2004-2009</p> <p>2- Information systems management specialist, Allied cooperative insurance group (ACIG) 2009 - 2011</p> <p>3- Customer relations management specialist at Al-Rajhi Cooperative Insurance Company (Al-Rajhi Takaful) 2011-2013</p> <p>4- Allied cooperative insurance group (ACIG) Customer Service Manager 2013-2017</p> <p>5- Director of Customer Care, Allied cooperative insurance group (ACIG) Company, 2017-2021</p> <p>Head of customer experience at Allied cooperative insurance group (ACIG) Company 2021 - so far</p>	<p>1- Advanced diploma in systems programming and analysis</p> <p>2- Certified Lean Six Sigma Black belt</p> <p>3- Mistake Proofing</p> <p>4- Error Proofing Business processes</p> <p>5- Certification in Personal Skills development</p> <p>6- Measuring and Managing Customer Satisfaction ISO 9001:2015</p>	customer care and experience improvement, digital pre-, during- and post-sales transition, IT, data analysis

7	Abd El-Salam Aboud	chief actuarial services	<ul style="list-style-type: none"> <li>- Allianz Saudi French Cooperative Insurance Company - Actuary Manager.</li> <li>- International Society for Social Security - Vice-Chairman of the Committee on Financial, Actuarial and Statistical Studies.</li> </ul> <p>Social Insurance Corporation - Chief Actuary.</p>	<ul style="list-style-type: none"> <li>- Master of Mathematics, actuarial sciences. University of Waterloo, Canada.</li> </ul> <p>Fellow and member of the American Association of Actuaries.</p>	<p>More than 16 years of experience in managing, supervising and executing actuarial work of global and local companies, insurance institutions and international organizations.</p>
8	Yasser Nasrallah	information security executive	<ul style="list-style-type: none"> <li>1- Director of the First Internal Review of Information and Information Technology Security - SAP Bank</li> <li>2- SAP Information Security Management Manager</li> <li>3- Information Security Expert at Tamkeen Technologies</li> <li>4- Chief Information Security Specialist - Ministry of Defense</li> <li>5- Network Security Specialist - Ministry of Defense</li> </ul> <p>IT Network Developer - Ministry of Defense</p>	<ul style="list-style-type: none"> <li>1- Master of Information Security and Management, University of Bedfordshire, United Kingdom</li> <li>2- B.A. Computer Network Management, Southampton Solent University, UK</li> <li>3- Diploma in Financial Management and Investment - UK</li> <li>4- Diploma in Computer Science - Networks - Imam Muhammad bin Saud Islamic University</li> </ul> <ul style="list-style-type: none"> <li>• certified insurance professional</li> <li>• Reputational risk</li> <li>• certified information security professional</li> <li>• Reputational risk</li> <li>• Financial crime risk liability</li> <li>• Audit internal</li> </ul>	<p>over 18 years of experience primarily through information security and technical operations</p> <p>Information, Cyber Security and Governance of Compliance with the General Data Protection Regulation, Certified and Expert in Information Security Operations Management and Information Technology Information and the establishment of policies, discipline and standards through the development of information and cybersecurity strategies, policies and procedures at the organizational level</p> <p>also implementing cyber security/information competencies. deliver brilliant results that go hand in hand with the company's goals and vision for 2030 and adding value to the organization .</p> <p>He was chief</p>

					executive of information security and planning and implementation successfully using the ISO 27001 Cybersecurity Framework, the National Cybersecurity Authority Standards, the Saudi Central Bank Standards, the development of information security from the ground up, and participation in many information security conferences
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#### 4- Board of Directors:

The board of directors of the company is responsible for overseeing the management of the company that conducts its operational and financial affairs, and making all basic decisions related to its policies. The Board's primary responsibility is to ensure effective governance of the company's affairs, in the interests of shareholders and document holders. It is also his responsibility to balance the diverse interests of beneficiaries, including the company's clients and institutions with which he has commercial relations. The members of the Company's Board of Directors shall endeavor, through all the procedures decided by the Board, to take appropriate measures to serve the interest of the Company in the best possible manner. The Board, its committees and the executive management of the company follow up on the implementation of the decisions and strategies adopted by the Board and its committees and ensure their proper implementation.

This is the fifth session of the Board of Directors, which was formed at the regular meeting of the General Assembly on 15/05/2019. This session starts from 18/05/2019 and ends on 17/05/2022 (for a period of three years). The members were elected in a cumulative manner

The current Board of Directors has five members and the membership is classified as follows:

## - Composition and classification of members of the Board of Directors

Name	Membership classification (Executive/Non-Executive/Independent)
Fawaz Mohammed Al-Sharabi	Independent
Hussam Talal Al-Ghazawi	Non-Executive
Muhammad Hani Bin Abd El-Qader Al-Bakri	Non-Executive
Abdul Latif bin Mohammed Al-Sheikh	Non-Executive
Abdullah Abdulrahman Al-rabdi	Independent

The board of directors of the company approved the resignation of the chairman of the board of directors, Nouf bint Saud Al-Haqbani, from the membership and chairmanship of the board of directors and its committees in its meeting on 15-02-2021.

The board also decided to appoint Fawaz al-Sharabi, a member of the board of directors, as chairman of the board of directors. The board stipulated that the Central Bank of Saudi Arabia would not object at the same meeting.

The company's board of directors approved the appointment of Mr. Mishaal Ibrahim Al-Otaibi as an independent member at its meeting on 23-05-2021 . , to be presented to shareholders for a vote at the first meeting of the General Assembly, the date of which will be announced later."

At its meeting held on 20/10/1442 A.H., corresponding to 01/06/2021, the Board of Directors agreed to accept the resignation of Mr. Hisham Mohammed Al-Sharif from his position as Executive Chairman of the Company and from his position as a member of the Board of Directors (Executive) and the committees emanating from the Board. The resignation shall take effect as of 31/08/2021. The last day he worked in those positions is 31/08/2021.

On June 15, the General Assembly did not approve the appointment of Mr. Khaled Al-Jaser and Mr. Abdullah Al-Harbi as board members.

On 31-08-2021 corresponding to 01/23/1443 AH, the Board of Directors approved the appointment of Mr. Mohammed Abdullah Qadi, as the company's CEO, from 01-09-2021, after obtaining the Saudi Central Bank's objection to the appointment.

On 11 October 2021, the Company's Board of Directors approved the appointment of Mr. Abdullah Saleh Al-Harbi as an independent member of the Board of Directors from the date of the decision until the end of the current session of the Board, which ends on 17 May 2022. The company also received an e-mail from the Central Bank of Saudi Arabia on 29 December 2020, which states that the Central Bank of Saudi Arabia does not object to this appointment. The appointment will be presented to the shareholders for a vote at the first meeting of the General Assembly, the date of which will be announced later.

On 21/10/2021, the Board of Directors approved the appointment of Mr. Saad bin Mohammed Al-Huwaimal as a member of the audit committee from the date of the decision until the end of the current session of the Board, which ends on 15/05/2022. The company received an e-mail from the Central Bank of Saudi Arabia on 14/07/2021, which includes the objection of the Central Bank of Saudi Arabia to this appointment. The appointment will be put to the vote of shareholders at the first meeting of the General Assembly, the date of which will be announced later.



The Board of Directors approved by passing the resignation of board member Adel Muhammad Jamjoom. on 29-11-2021

- On 29 December 2012, the General Assembly did not approve the appointment of Mr. Mishaal Ibrahim Al-Otaibi and Mr. Abdullah Al-Harbi as members of the Board of Directors.

#### The number of shares owned by the members of the Board of Directors

Name	Number of shares held in the company
Mr. Fawaz Mohammed Al-Sharabi	-
Mr. Hossam Talal Ghazawi	2,205 shares
Eng. Mohammed Hani Abdulkader Al-Bakri	-
Dr. Abdul Latif Mohammed Al-Sheikh	705 shares
Mr. Abdullah Abdulrahman Al-rabdi	-

#### 5- Names of companies inside or outside the Kingdom of Saudi Arabia of which the member of the board of directors of the company is a member of the current or previous boards of directors

Member of the board name	Names of companies for which a member of the board of directors is a member of their previous boards or directors.	Inside and outside KSA	Legal entity (contribution included/contribution not included/limited liability)	Names of companies for which a member of the board of directors is a member of their previous boards or directors.	Inside and outside KSA	Legal entity (contribution included/contribution not included/limited liability)
Mr. Fawaz Mohammed Al-Sharabi	Managing Director, Australian Aviation College (Avischin Australia)	internal	Limited Liability Company	Helicopter Corporation	internal	one person closed Stock
	Asbar Gulf company	internal	Limited Liability Company	Middle East Aircraft Engine Company Limited	internal	Limited Liability Company
				Saudi aircraft configuration and maintenance company	internal	Limited Liability Company
Mr. Mohamed Hani Abdulkader Bakri Al-Bakri	Rawafed civilization holding company	internal	Limited Liability Company			
	United international trading and Technology Co., Ltd	internal	Limited Liability Company			
	North of England protection and compensation club	External	Cooperative	None		
	Azalia investment Bahrain	External	Limited Liability Company			
	Al Quds Arab	internal	Limited Liability			

	Trading Company Limited		Company			
	Aldar Al Shafiya Trading Co Ltd	internal	Limited Liability Company			
Mr. Hossam Talal Amin Ghazzawi	Elghazawy legal investments	internal	Professional company			
	Elghazawy Development Co. Ltd	internal	Limited Liability Company			
	Saudi investment and Marketing Group Limited	internal	Limited Liability Company			
Mr. Abdullah Abdulrahman Al-rabdi	Sulaiman bin Saleh al muhailib Sons holding company	internal	Closed Stock	Saudi paper manufacturing company	internal	joint stock company
	Al-Bazai automotive company	internal	Closed Stock	CARE International	internal	Closed Stock
	Naqi water company	internal	Closed Stock	Al Othaim holding company	internal	Closed Stock
Dr. Abdullatif Mohammed Al-Sheikh	BAE Systems Saudi development and training company	internal	Limited Liability Company	Aircraft supplementary equipment company limited	internal	Limited Liability Company
				International systems engineering	internal	Limited Liability Company
				Saudi company for training and development	internal	Limited Liability Company
				Advanced electronics company	internal	Limited Liability Company

## 6. Actions taken by the Board to inform its members - especially non-executives - of shareholder proposals and observations regarding the company and its performance

The Board took this measure to inform its members, especially non-executives, in accordance with the shareholders' proposals and their observations regarding the company and its performance by opening the door for discussion, inquiries, and observations by shareholders through the company's general associations. The President of the Association will respond to the Board during its session. In the event of any proposal that conforms to the company's policies, it will be recorded in the minutes of the meeting and submitted to the first meeting of the Board of Directors for discussion.

## 7- Disclosure of emoluments and allowances to members of the Board of Directors , committees and senior executives:

### a. The policy of remuneration for members of the Board of Directors and Committees in accordance with article 19 of the Company's Statute

"The minimum annual bonus of SAR 180,000 for services rendered by the Chairman of the Board of Directors shall be SAR 180,000 per year, and the minimum amount of SAR 120,000 per member of the Board of Directors for his service shall be SAR 120,000 per year. The maximum amount shall be SAR 500,000 (SAR Five hundred thousand) per year, corresponding to their membership in the Board of Directors and their participation in its work, including additional bonuses in the case of a member's participation in any committee of the Board of Directors.

In the event that the company achieves profits, a percentage equivalent to (10%) of the remaining net profit may be distributed after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Control System. After dividends are distributed to shareholders of not less than (5%) of the company's paid capital, the benefit of this reward shall be proportionate to the number of meetings attended by the member. Any estimate that contravenes this is void.

In all cases, the total amount of remuneration and financial or material benefits received by a member of the Board of Directors does not exceed SAR 500,000 per year.

The maximum attendance allowance for sessions of the Board and its committees (5,000 SAR) shall be 5,000 SAR for each session, excluding travel and subsistence expenses.

Each member of the Board , including the President of the Board , shall be paid; The amount of actual expenses incurred in order to attend meetings of the Board or committees of the Board of Directors , including travel, subsistence and subsistence expenses.

The report of the Board of Directors to the regular General Assembly should contain a comprehensive statement of all emoluments, allowance and other benefits received by the members of the Board of Directors during the financial year. It should also include a statement of the receipts received by Board members as workers, administrators or consultants. It would also include an indication of the number of meetings of the board and the number of meetings attended by each member from the date of the most recent meeting of the General Assembly.

#### **Bonus policy for members of the Board of Directors , its committees and chief executives approved by the regular General Assembly on 2 April 2018**

##### **First: Introduction:**

The policy on remuneration for members of the Board, the committees that follow up on the Board and the chief executives has been prepared with a view to conforming to paragraph (1) of Article 61 of the Corporate Governance Regulation of the Financial Market Authority, which stipulates that the Rewards and Nominations Commission "shall prepare a clear policy for the remuneration of members of the Board of Directors, the committees that follow up on the Board and the chief executives, and submit it to the Board of Directors for its consideration for adoption by the General Assembly . "

##### **Second: Objective:**

The policy aims to establish clear criteria for remuneration of members of the Board of Directors, Committees and senior executives in the light of the requirements of the corporate system and the regulations and rules of the Financial Market Authority. The policy also aims to attract individuals who are competent, capable and talented to serve on the Board, its committees and chief executives through the adoption of remuneration incentive and performance-related plans and programs, which contribute to improving the performance of the company and the fulfillment of the interests of its shareholders.

### **Third: General criteria for rewards:**

The Rewards 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 adopted criteria, as follows:

1. The rewards are proportionate to the company's activity and the skills needed to manage it.
2. The company shall ensure that the rewards are in accordance with the company's strategy and objectives and the size, nature and degree of risk involved.
3. The company takes into account the practices of other companies and what is prevalent in the labor market in determining rewards.
4. Rewards are determined by level of function, tasks and responsibilities of the incumbent, scientific qualifications, practical experience, skills and performance.
5. The rewards shall be fair and proportionate to the member/employee's terms of reference, the actions and responsibilities performed and assumed by the members of the board or committees, and by the chief executives, in addition to the objectives established by the board of directors to be achieved during the financial year.
6. The payment or recovery of the bonus shall be suspended if it is determined to be based on inaccurate information provided by a member of the Board of Directors or executive management; This is to prevent the abuse of the employment status to obtain undue rewards.

### **Fourth: Board members' bonus:**

1. Board of Directors' Members are entitled to a fixed amount for attendance at meetings and an additional travel allowance.
2. Remuneration for the President and Board of Directors' members for the service they perform annually as set out in this policy in accordance with the schedule included therein.
3. The remuneration of board members may also be a percentage of profits, subject to the provisions of Article 19 of the Company's Regulations, provided that the total amount of remuneration and financial and in-kind benefits received by a board member in all cases does not exceed SAR 500,000 per year.
4. The annual report of the Board of Directors to the General Assembly of Contributors shall contain a comprehensive statement of all emoluments, expense allowances and other benefits received by the members of the Board of Directors during the financial year, as well as a statement of the receipts of the members of the Board as workers, administrators, counterparts in technical or administrative work or consultancy (if any), and shall also include a statement of the number of meetings of the Board and the number of meetings.

### **Fifth: Remuneration of committee members:**

1. The membership bonuses of the Board of Directors committees consist of meeting attendance allowances and an additional travel allowance.
2. Each member of the Review Committee, whether a member of the Board or outside the Board of Directors, shall be entitled to an annual remuneration as set out in this policy in accordance with its schedule.
3. Each member of the other committees who is a member of the board of directors or directors of the company shall be entitled to an annual bonus as set forth in this policy in accordance with the schedule included therein.
4. Each member of other committees who is not a member of the Board of Directors shall be entitled to an annual bonus as set out in this policy in accordance with the schedule therein.

### **Sixth: Sharia Control Authority :**

1. The remuneration of members of the Sharia Control Authority shall consist of meeting attendance allowances and an additional travel allowance
2. Remuneration for the head of the Sharia Oversight Authority for his annual service as set forth in this policy in accordance with the schedule included therein.
3. Each member of the Sharia Oversight Authority shall be entitled to an annual bonus as set forth in this policy in accordance with the schedule included therein.

#### **Seventh: Executive management award:**

The Rewards and Nominations Committee shall review the performance of the senior executives, formulate policies and incentive plans and submit its recommendations to the Board of Directors , The annual (wage-based) reward system will be Monthly Base) is based on the association between, for example, business performance and employee performance (good, very good, excellent). Company performance is determined by the level of output of net income and is linked to the level of performance of the employee

#### **Eighth: Details of the remuneration of the members of the Board and committees:**

##### **1) Board of Directors' members:**

a. Attendance allowance	3,000 SAR
b. Additional allowance (travel) for those outside the city of the meeting	2,500 SAR
c. Annual bonus to the Board of Directors' chairman	Minimum of 180,000 SAR
d. Annual bonus for each Board of Directors' member	Minimum of 120,000 SAR
i. A profit bonus is a specified percentage of net profits to be determined by a recommendation of the Awards and Nominations Commission in the event that the company achieves profits after meeting the statutory requirements	

##### **2) members of committees of the board of directors:**

a. Attendance allowance	1,500 SAR
b. Additional allowance (travel) for those outside the city of the meeting	2,500 SAR
c. Every member of the Review Committee, whether a member of the Board or a non-Board member, shall be entitled to an annual award	50,000 SAR
d. Each member of the other committees who is a member of the board of directors or management of the company shall be entitled to an annual award	15,000 SAR
e. Every member of other committees who is not a member of the Board shall be entitled to an annual bonus	30,000 SAR

##### **3) Members of the Sharia Control Authority:**

a. Attendance allowance	2,000 SAR
b. Additional allowance (travel) for those outside the city of the meeting	2,500 SAR
c. Annual bonus for the Head of the Sharia Oversight Authority	50,000 SAR
d. Every member of the Sharia Committee shall be entitled to an annual bonus	30,000 SAR

## **b. Executive Management Remuneration Policy**

The Rewards and Nominations Committee shall review the performance of the senior executives, formulate policies and incentive plans and submit its recommendations to the Board of Directors ,  
The annual (wage-based) reward system will be Monthly Base) is based on the association between, for example, business performance and employee performance (good, very good, excellent). Company performance is determined by the level of output of net income and is linked to the level of performance of the employee





## Bonuses and compensation paid to the members of the Board of Directors during 2021 (in SAR)

		Fixed rewards					Variable rewards								
Member Name	Certain amount	Attendance at meetings of the Board allowance	Total Committee attendance allowance	in-kind profits	Remuneration of the Speaker or the Managing Director, if he is a member	Total	Profit ratio	periodic rewards	short-term incentive schemes	long-term incentive schemes	Awarded shares (value entered)	Total	End-of-service benefit	Grand total	Expense allowance
I: Independent members															
Tarek Abdallah Hussein Al-Rameem						-		96,328				96,328		96,328	
Fawaz Mohammed Al-Sharabi		15,000	1,500			16,500		120,000				120,000		136,500	
Nouf Saud Al-Haqbani		3,000				3,000		124,931				124,931		127,931	
Ziad Al-Laban						-						-		-	
Abdallah Abdel Rahman Al-Rabadi		15,000			-	15,000		95,013				95,013		110,013	
Khaled Suleiman Al-Jasser		6,000			-	6,000		10,520				10,520		16,520	
Abdullah Saleh Al-Harbi		9,000				9,000		10,520				10,520		19,520	
Mishaal Ibrahim Al-Otaibi		9,000				9,000						-		9,000	
Total		57,000	1,500		-	58,500		457,312				457,312	-	515,812	-
II: non-executive members															
Thamer Abdullah Reis						-		123,287.00				123,287		123,287	
Muhammad Hani Bin Abd El-Qader Al-Bakri		15,000	7,500			22,500		120,000				120,000		142,500	
Hossam Talal Ghazawi		15,000.00	7,500			22,500		120,000.00				120,000		142,500	
Adel Mohammed Rashid Jamjoom		9,000				9,000		95,013				95,013		104,013	
Dr. Abdul Latif bin Mohammed Al-Sheikh		15,000	7,500			22,500		120,000				120,000		142,500	
Total		54,000	22,500		-	76,500		578,300				578,300	-	654,800	-
III: Executive members															
Hisham Mohammed Al-Sharif		12,000.00	6,000.00			18,000		120,000.00				120,000		138,000	
GRAND		12,000	6,000		-	18,000		120,000				120,000	-	138,000	-
TOTAL		123,000	30,000		-	153,000		1,155,612				1,155,612	-	1,308,612	-

There is no material deviation between the awards and the established bonus policy as all members have obtained a minimum of bonuses.

The periodic remuneration paid to the Chairman or members of the Board of Directors in the table above shall be the remuneration for the membership of the Board of Directors and the remuneration of the Committees shall be disclosed separately.

**c. Benefits and remuneration paid to five senior executives who received the highest emoluments and compensation plus the Chief Executive and Financial Officer:**

senior executive function	Fixed rewards				Variable rewards						End-of-service benefit	Total executive's remuneration, if any, for the Board	Grand total
	Salaries	Allowances	in-kind profits	Total	periodic rewards	Profits	short-term incentive schemes	long-term incentive schemes	Awarded shares (value entered)	Total			
CEO	960000	378672		1338672	80000					80000	167334		1586006
Chief Executive Officer-designate	660,000	295,008		955,008	96,250					96,250	79,584		1,130,842
Vice president for Finance and investment	189,000	127,647		316,647							13,061		329,708
Vice President, vehicle sector	660,000	345,000		1,005,000	68,750					68,750	42,684		1,116,434
Vice president of sales and marketing	480,000	222,000		702,000	70,000					70,000	58,500		830,500
Assistant CEO development & strategy	462,000.0	245,700.0		707,700						-	58,167		765,867
<b>Total</b>	<b>3411000</b>	<b>1614027</b>		<b>5025027</b>	<b>315000</b>					<b>315000</b>	<b>419329</b>		<b>5,759,356</b>

**D. remuneration of committee members:**

	Fixed allowances (excluding committee attendance allowance)	meeting attendance allowance	Total
<b>Audit committee members</b>			
Abdullah Al Harbi	50,000	12,000	62,000
Nabil Nassif	50,000	12,000	62,000
Dr. Masum Bellah	30,000	10,500	40,500
Abdullah Al-shibili	50,000	12,000	62,000
Saad al-huaimel		3,000	3,000
<b>Total</b>	<b>180,000</b>	<b>49,500</b>	<b>229,500</b>
<b>Nominations and rewards committee members</b>			
Fawaz Al-Sharabi	15,000	13,500	28,500
Dr. Abdullatif Mohamed Al Sheik	15,000	12,000	27,000
Nayef Al-Tamimi	30,000	10,500	40,500
Tariq Al-Rumaim	12,041	3,000	15,041
Mishaal Ibrahim Al-Otaibi		1,500	1,500
<b>Total</b>	<b>72,041</b>	<b>40,500</b>	<b>96,000</b>
<b>Members of the Investment Committee</b>			
Thamer Abdallah Rayess	10,273.00		
Nouf Saud Al-Haqbani	15,000		
Tariq Abdallah Al-Rumaim	12,041		
Hisham Mohammed Al-Sharif	15,000		
Abdullah Abdulrahman Al-rabdi	2,589		

<b>Total</b>	<b>54,903</b>	<b>-</b>	<b>-</b>
<b>Members of the Committee on Risk Management</b>			
Hossam Talal Ghazawi	15,000		15,000
Hisham Mohammed Al-Sharif	15,000		15,000
Dr. Yusuf Basudan	30,000		30,000
<b>Total</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>
<b>Members of the Executive Committee</b>			
Fawaz Al-Sharabi		1,500	1,500
Thamer Abdullah Reis	10,273		10,273
Mohammed Hani Abdel Qader Al-Bakri	15,000	7,500	22,500
Hossam Talal Al-Ghazawi	15,000	7,500	22,500
Dr. Abdullatif Mohamed Al Sheik	15,000	7,500	22,500
Hisham Mohammed Al-Sharif	15,000	6,000	21,000
<b>Total</b>	<b>70,273</b>	<b>30,000</b>	<b>100,273</b>

## 8- Board meetings:

The number of meetings of the Board of Directors was 6 in 2012 and the number of those present was as follows:

c.	Member Name	First meeting 15/2/2021	Second meeting 16/3/2021	Third meeting 1/6/2021	Fourth meeting 10/8/2021	Fifth meeting 2/11/2021	Sixth meeting 21/12/2021	Attendance
1	Mr. Hussam Talal Al-Ghazawi	Present	Present	Present	Rep.	Present	Present	6
2	Eng. Mohammed Hani Abdulkader Al-Bakri	Present	Present	Present	Present	Present	Present	6
3	Mr. Hisham Mohammed Al-Sharif	Present	Present	Present	Present	Resignation	Resignation	4
4	Dr. Abdul Latif Mohammed Al-Sheikh	Present	Present	Present	Present	Present	Present	6
5	Eng. Fawaz Al-Sharabi	Present	Present	Present	Present	Present	Present	6
6	Mrs. Nouf Al-Haqbani	Resignation	-	-	-	-	-	0
7	Mr. Adel Jamjoom	Present	Present	Present	Absent	Absent	Absent	3
8	Mr. Abdallah Al-Harbi	Present	Present	Present	Absent	Present	Present	5
9	Mr. Abdullah Al-Rubedi	Present	Present	Present	Present	Present	Present	6
10	Mr. Khaled Al-Jaser	Absent	Present	Present	Resignation	Resignation	Resignation	4
11	Mr. Mishaal Al-Otaibi	-	-	Present	Present	Present	Present	4

Two meetings of the General Assembly were held on 15 June 2021 and 29 September 2021

An extraordinary General Assembly meeting was held on 29 December 2021

The Board of Directors also adopted several passing resolutions, consisting of 19 resolutions, as follows :

Resolutions of the Board of Directors

Approval Decree No. 1/2021 of 10 January 2021

Approval Decree No. 2/2021 of 25 January 2021

Approval Decree No. 03/2021 of 17 February 2021

Approval Decree No. 04/2021 of 17 February 2021  
 Approval Decree No. 05/2021 of 8 March 2021  
 Approval Decree No. 06/2021 of 5 May 2021  
 Approval Decree No. 07/2021 of 23 May 2021  
 Approval Decree No. 08/2021 of 23 June 2021  
 Approval Decree No. 09/2021 of 23 June 2021  
 Approval Decree No. 10/2021 of 18 August 2021  
 Approval Decree No. 11/2021 of 31 August 2021  
 Approval Decree No. 12/2021 of 30 August 2021  
 Approval Decree No. 13/2021 of 30 August 2021  
 Approval Decree No. 14/2021 of 31 August 2021  
 Approval Decree No. 15/2021 of 10 October 2021  
 Approval Decree No. 16/2021 of 11 October 2021  
 Approval Decree No. 17/2021 of 21 October 2021  
 Approval Decree No. 18/2021 of 29 November 2021  
 Approval Decree No. 19/2021 of 7 December 2021

## 9- Penalty & precautionary measure or reserve imposed on the company

Default subject	2020			2021		
	Number of executive decisions	Total amount of fines in SAR	Ways to Remedy and Avoid Future Harm	Number of executive decisions	Total amount of fines in SAR	Ways to Remedy and Avoid Future Harm
Violation of the instructions of the supervisory and supervisory institution	1	5,000	All corrective measures were taken by divergence	3	300,000	<p>With regard to violations of the Central Bank's directives on oversight and control of:</p> <p>1- Dealing with unlicensed entities: A system has been set up that currently prevents the issuance of insurance documents for applications received by any insurance broker upon the expiration of the Saudi Central Bank's insurance business license automatically.</p> <p>2- Failure to comply with certain requirements of the Organizational Manual on Information Security: Some of the controls monitored by the central bank were already in place and others were worked on and implemented. A specialized service provider has been contracted to implement the IAM project.</p> <p>3- Non-commitment to establish an actuarial administration: The executive decision issued by the Central Bank had been objected to. An actuarial department had been established, a head of the department had been appointed and two posts had been created under the head of the department and had been appointed.</p>
Violating customer protection organization instructions	0	0	0	0	0	0
Violation of the Foundation's due diligence instructions in combating money-laundering	0	0	0	0	0	0
Violation of Ministry of Human Resources instructions due to non-opening of a file for the establishment in the Labor Office				1	10,000	The Department of Administration has been instructed to follow up on the procedures so that the violation does not recur
Violation of the instructions of the General Authority for Zakat, Income and Customs due to				1	249	The Finance Department has been directed to submit the declarations on time

the delay in the submission of the withholding tax for the month of October 2021						
Violation of instructions of the Ministry of Human Resources for failure to comply with the regulations and decisions of the Ministry issued by the Organization for Exceptional Circumstances	1	10,000	In order to avoid such irregularities , appropriate action has been taken to ensure that no staff member's contract has been terminated by the Department of Human Resources except with the approval of the Department of Legal Affairs, in order to verify whether or not the contract has been terminated.			
Violation of Ministry of Human Resources instructions for not wearing masks				2	2,000	All employees were advised to follow precautionary measures
Traffic violations on the company car				1	500	
Violation of Ministry of Human Resources instructions to employ non-Saudi workers in professions limited to Saudis				2	40,000	Human resources management was alerted to ensure that jobs were filled before non-Saudis were hired



## 10- Board of Directors committees:

### • Executive Committee:

The executive committee consists of four members: Fawaz al-Sharabi, head of the committee; Mohammed Hani al-Bakri, Hussam SARTalal al-Ghazawi and Dr. Abdul Latif Abdullah al-Sheik. The Executive Committee held six meetings during 2021. The Executive Committee examines the issues before the Board of Directors before discussing them in the Board and issues its recommendations, which will facilitate the Board's discussions. The Executive Committee also takes decisions on matters that the Board occasionally assigns to it, delegating some authority to the Board as needed to work in the company.

sn.	Member Name	First meeting 13/3/2021	Second meeting 01/06/2021	Third meeting 10/08/2021	Meeting Fourth 26/10/2021	Fifth meeting 30/11/2021	Sixth Meeting 21/12/2021
1	Eng. Fawaz Al-Sharabi	-	-	-	Present	Present	Present
2	Mr.Hisham Mohammed Al-Sharif	Present	Present	Present	Resignation	Resignation	Resignation
3	Mr. Hossam Ghazawi	Present	Present	Present	Present	Absent	Present
4	Eng. Mohammed Hani Abdulkader Al-Bakri	Present	Present	Present	Present	Present	Present
5	Dr. Abdullatif Al-Sheik	Present	Present	Present	Absent	Absent	Present

On October 10, 2021, the Board of Directors, in its decision to pass the law, approved the appointment of Mr.Fawaz Al-Sharabi as Chairman of the Executive Committee.

At its meeting held on 20/10/1442 A.H. (01/06/2021), the Company's Board of Directors approved the resignation of Mr. Hisham Mohammed Al-Sharif from the membership of the Executive Committee. The resignation shall take effect on 31/08/2021, making his last day of work in those positions 31/08/2021.

### • Audit committee:

The Audit Committee shall consist of four independent members, all of whom are members outside the Board of Directors:

- |                             |                                  |
|-----------------------------|----------------------------------|
| ▪ Mr. Abdullah Al-Harbi     | <b>chairman of the committee</b> |
| ▪ Mr. Nabil Abd Allah Nasif | <b>member</b>                    |
| ▪ Dr. Masoom Bellah         | <b>member</b>                    |
| ▪ Mr. Abdullah Al-Shubaily  | <b>member</b>                    |

On 30 May 2019, the Board decided to recommend to the General Assembly to vote on the composition of the Audit Committee by the above-mentioned members. On 9 May 2019, the General Assembly approved the formation of the Committee by the same name, which starts on 09 July 2019 and 17 May 2022 .

The Audit Committee held nine meetings during 2021 and performed the following tasks:

- Audit and verify the financial statements of a company and the integrity of its financial reporting procedures, internal accounting systems and financial control controls.
- Independent annual audit of the company's financial statements, outsourcing of auditors and evaluation of the qualifications, performance and independence of external auditors.

- Recommend the appointment of the internal auditor and the regular observer, and periodically Audit their functions and responsibilities.
- Compliance by the company with legal and regulatory requirements, including disclosure policy regulations and procedures.
- The company's compliance with the policies and procedures established by the company.
- **Member attendance and dates of meetings as shown in the table below:**

Name	First meeting	Second meeting	Third meeting	Forth meeting	Fifth meeting	Sixth meeting	Seventh meeting	Eighth meeting	Ninth meeting
	84	85	86	87	88	89	90	91	92
	2/2/2021	14/2/2021	15/3/2021	13/4/2021	14/4/2021	4/5/2021	8/8/2021	1/11/2021	30/11/2021
Mr. Abdallah Al-Harbi	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr. Nabil Nasif	Present	Present	Present	Present	Present	Present	Present	Present	Present
Dr. Masum Bellah	Present	Present	Present	Present	Present	Not present	Present	Present	Present
Mr. Abdullah Al-Shabelli	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr. Saad Al-Huwaimel	Not a member							Present	Present

- On October 21, 2021, the Board of Directors, in its decision of passage, approved the appointment of Mr.Saad Mohammed Al-Huwaimil as a member of the Audit Committee
- On October 29, 2021, the Board of Directors, in its decision of passage, approved the appointment of Mr.Saad Mohammed Al-Huwaimil as a member of the Audit Committee

#### • **Nominations and Awards Committee:**

The Nominations and Awards Committee consists of four members of the Board of Directors:

- |   |                                  |
|---|----------------------------------|
| 1. Mr. Mishaal Ibrahim Al-Otaibi          | <b>chairman of the committee</b> |
| 2. Mr. Fawaz Mohammed Al-Sharabi          | <b>committee member</b>          |
| 3. Dr. Abdullatif SARMohammed Al Al Sheik | <b>committee member</b>          |
| 4. Mr. Naif Al-Tamimi                     | <b>committee member</b>          |

The committee held 8 meetings during 2021. The committee carries out the following tasks and responsibilities:

- Make special recommendations on candidates for membership of the Board of Directors for the General Assembly and on candidates for senior executive management positions, such as the Chief Executive and his deputies.
- Develop clear procedures and policies for the development of a rewards policy for the Board of Directors .
- Report to the Board of Directors on the annual review of the Board 's performance and submit its recommendations to the Board regarding candidates for appointment to the Board committees.
- Recommend to the Board of Directors the adoption of a policy and plans for annual compensation and bonuses and incentive schemes to attract, retain and motivate outstanding staff.
- Evaluate the skills and experience of Board of Directors members and senior executive management and make recommendations on necessary training programs in the light of evaluation findings.

- Develop social responsibility programs and follow up on their implementation in cooperation with the executive.
- Ensure that the company consistently complies with governance requirements, and report to the Board.
- **Member attendance and meeting dates as shown in the table below:**

Statements of attendance by members of the Nominations Committee and dates of meetings								
	First meeting 20/01/2021	Second meeting 11/03/2021	Third meeting 27/05/2021	Fifth meeting 03/06/2021	Fifth meeting 05/07/2021	Sixth meeting 16/08/2021	Seventh meeting 04/11/2021	Eighth meeting 19/12/2021
Fawaz Al-Sharabi	Present	Present	Present	Present	Present	Present	Present	Present
Abdul Latif Al-Sheikh	Present	Present	Present	Present	Present	Present	Present	Present
Nayef Al-Tamimi	Not present	Present	Present	Present	Present	Present	Present	Not present
Mishaal SARAmira	Not a member	Not a member	Not a member	Not a member	Not a member	Not a member	Present	Present

On October 10, 2021, the Board of Directors, in its decision to pass the law, approved the appointment of Mr. Mishaal Ibrahim Al-Otaibi as the Chairman of the Nominations and Rewards Committee.

#### • Investment Committee:

The Investment Committee has three members: Mr. Mishaal Ibrahim Al-Otaibi, Chairman of the Committee, and Mr. Abdullah Abdul Rahman Al-Rubedi. The Committee shall be responsible for managing the investment file of the company in its entirety. The Committee shall have all the powers in this regard. The Committee shall have the right to appoint houses of expertise in the investment file. There are no meetings of the Committee during 2021 because of the lack of quorum.

On October 10, 2021, the Board of Directors, in its passing decision, approved the appointment of Mr. Mishaal Ibrahim Al-Otaibi as Chairman of the Investment Committee

The board of directors of the company approved the resignation of the chairman of the board of directors, Mr. Nouf bint Saud Al-Haqqani, from the chairmanship of the investment committee on 15-02-2021.

At its meeting held on 20/10/1442 A.H. (01/06/2021), the Board of Directors of the Company agreed to accept the resignation of Mr. Hisham Mohammed Al-Sharif from the membership of the Investment Committee. The resignation shall take effect on 31/08/2021. His last day in office shall be 31/08/2021.

#### • Risk management committee:

The Risk Management Committee is composed of three members, namely, Mr. Hossam Talal Ghazawi. (Chairman of the Committee), and the membership of Mr. Abdullah Al-Rubedi and Dr. Youssef Bassoudan. The Committee is responsible for managing the company's risks, adopting a comprehensive strategy to manage the risks arising from market conditions and the available experience in dealing with the inherent risks that the company may be exposed to, as well as conducting periodic reviews and updating the strategy of managing the risks by taking into consideration the internal and external variables of the company. The committee held 2 meetings during 2021.

- Member attendance data and meeting dates are shown in the table below:

SN.	Name	First meeting 04/05/2021	Second meeting 19/12/2021
1	Mr. Hussam Al-Ghazzawi	Present	Present
2	Mr. Hisham Al-Sharif	Present	Resignation
3	Dr. Yusuf Basudan	Present	Present
4	Mr. Abdullah Al-Rubedi	Not a member	Present

At its meeting on 20/10/1442 A.H. (01/06/2021), the Board of Directors of the Company agreed to accept the resignation of Mr. Hisham Mohammed Al-Sharif from the membership of the Risk Management Committee, provided that the resignation takes effect on 31/08/2021.

On October 10, 2021, the Board of Directors, in its decision of passage, approved the appointment of Mr. Abdallah Al-Bardi as a member of the Risk Management Committee

## 11. General Assembly:

**During 2021, two meetings of a regular General Assembly and 1 extraordinary General Assembly were held; As follows:**

The General Assembly of PIC was held during the six months following the end of the financial year, in accordance with the Statutes of PIC. The General Assembly, held on 15/06/2021, adopted the following resolutions:

- 1- Disapproval the report of the Board of Directors for the financial year ended 31/12/2020.
- 2- Approval of the financial statements for the fiscal year ending 31/12/2020.
- 3- Approval of the Company's audit report for the financial year ended 31/12/2020.
- 4- Disapproval the work and contracts between the company and Taya Real Estate Company, in which Thamir SARAbdullah SARRayess, a member of the Board of Directors, has an indirect interest. These are insurance policies and the total insurance premiums written during 2020 amounted to 11,000 SAR, without preferential conditions.
- 5- Disapproval the work and contracts between the company and Taya Agricultural Company, in which Thamir SARAbdullah SARRayess, a member of the Board of Directors, has an indirect interest. These are insurance policies and the total insurance premiums written during 2020 amounted to 142,000 SAR, without preferential conditions.
- 6- Disapproval the works and contracts concluded between the company and the Red Sea Shipping Services Company, in which the board member, Engineer Mohammed Hani SARAbdulqader Al-Bakri, has an indirect interest. These are insurance policies and the total insurance premiums written during 2020 amounted to 69,000 SAR, without preferential conditions.
- 7- Disapproval the work and contracts between the company and the Arabian Gulf Company for Maintenance and Contracting, in which Thamir SARAbdullah SARRayess, a member of the Board of Directors, has an indirect

interest. These are insurance policies and the total insurance premiums written during 2020 amounted to 16,000 SAR, without preferential conditions.

8- Disapproval the work and contracts between the company and the engineer Abdallah SARRayess, who, as a member of the Board of Directors, considers Thamir SARAbdullah SARRayess an indirect interest in them. These are insurance policies and the total insurance premiums written in 2020 amounted to 72,000 SAR, without preferential conditions.

9- Disapproval of the work and contracts concluded between the company and Mr. Adel Muhammad Rashid Jamjoom (Member of the Board of Directors), in which he has a direct interest, namely, insurance policies. The total insurance premiums written during 2020 amounted to 6,000 SAR, without preferential conditions.

10- Disapproval of the work and contracts concluded between the company and Mr. Khaled Suleiman Al-Jasser (Member of the Board of Directors), in which he has a direct interest, namely, insurance policies. The total insurance premiums written during 2020 amounted to 1,000 SAR, without preferential conditions.

11- Disapproval of the work and contracts concluded between the company and Dr. Abdellatif Mohamed Al Sheik (Member of the Board of Directors), in which he has a direct interest, namely insurance policies. The total insurance premiums written during 2020 amounted to 1,000 SAR, without preferential conditions.

12- Disapproval of the work and contracts between the company and Mr. Hisham Mohammed Abdullah Al-Sharif (Member of the Board of Directors) and his family, in which he has a direct interest, namely insurance policies. The total insurance premiums written during 2020 amounted to 50,000 SAR, without preferential conditions.

13- Approval the appointment of the company's auditors - the Office of Al-Azm, Al-Sudairi, Al-Sheik and Partners - as accountants, legal auditors and the Office of Dr. Mohamed Al-Omari and Associates - to inspect, review and audit the financial statements for the second, third, fourth and annual quarters of fiscal year 2021 and the first quarter of fiscal year 2022 and determine their fees.

14- Approval of the payment of SAR 1,155,612 as a reward to the members of the Board of Directors for the financial year ended 31 December 2020.

15- Approve the discharge of the members of the Board of Directors from the financial year ending 31/12/2020.

16- Disapproval of the decision of the Board of Directors to appoint Mr. Khaled Suleiman Al-Jasser (an independent member) to the Board of Directors starting from the date of his appointment on 29/11/2020 to complete the session of the Board until the end of the current session on 17/05/2022, succeeding former member Mr. Tareq Abdullah Hussein Al-Ramim (an independent member)

17- Disapproval of the decision of the Board of Directors to appoint Mr. Abdullah Saleh Al-Harbi (an independent member) to the Board of Directors from the date of his appointment on 29/11/2020 to complete the session of the Board until the end of the current session on 17/05/2022, succeeding former member Mr. Thamer Abdullah SARReis (a non-executive member).

**The extraordinary meeting of the General Assembly of the company was held. The General Assembly, held on 29 September 2012, decided on the following resolutions:**

1- Approve the report of the Board of Directors for the financial year ended 31/12/2020.

2- Approval of the work and contracts between the company and Mr. Adel Mohamed Rashid Jamjoom (member of the Board of Directors), in which he has direct interest, which are insurance documents. The total insurance premiums written during 2020 amounted to 6,000 SAR, without preferential conditions



3- Disapproval of the work and contracts concluded between the company and Dr. Abdellatif Mohamed Al Sheik (Member of the Board of Directors), in which he has a direct interest, namely insurance policies. The total insurance premiums written during 2020 amounted to 1,000 SAR, without preferential conditions.

**The extraordinary meeting of the General Assembly of the company was held. The General Assembly, held on 29/12/2021, approved the following resolutions:**

1- To approve the recommendation of the company's board of directors to increase the company's capital by introducing priority rights in accordance with the following:

Method of increase: Offering and listing rights issues of (15,000,000) ordinary shares.

Reasons for increase: Enhance solvency and support expansion.

Date of eligibility: In the event that the item is approved, shareholder shareholders will be eligible on the day of the extraordinary General Assembly, which will be recorded in the Company's Shareholder Register at the Securities Depository (Deposit Center) at the end of the second trading day following the date of the extraordinary General Assembly.

Total amount of Offering: (SAR 150,000,000).

\* Amendment of Article 8 of the Company's Capital Regulations.

2- Not to approve the decision of the Board of Directors to appoint Mr. Mishaal Ibrahim Al-Otaibi as a member (independent member) of the Board of Directors from the date of his appointment on 23/05/2021 to complete the session of the Board until the end of the current session on 17/05/2022, succeeding former member Mr. Tarek Abdullah Hussein Al-Rumaim (independent member).

3- Not to approve the decision of the Board of Directors to appoint Mr. Abdullah Saleh Al-Harbi as a member (independent member) of the Board of Directors from the date of his appointment on 11/10/2021 to complete the session of the Board until the end of the current session on 17/05/2022, succeeding former member (Mr. Thamir Abdullah Bin Rayyes) as non-executive member.

4- Disapproval of the increase in the number of seats of the Review Committee from (4) to (5) to the number of members of the Review Committee by appointing Mr. Saad Bin Mohammed Al-Huwaimal For the membership of the Review Committee (one member outside the Board) as a member of the Review Committee from the date of approval by the Assembly until the end of the current term of the Committee on 17/05/2022.

### **3- The company's statutes and internal regulations contain:**

1. Right to a share of profits to be distributed.
2. The right to a share of the company's assets upon liquidation.
3. The right to attend general assemblies, to participate in their deliberations and to vote on their decisions.
4. disposal of shares.
5. The right to monitor the work of the Board of Directors and to bring a claim of responsibility against the members of the Board.
6. The right to inquire and request information, in a manner that does not prejudice the interests of the company and does not conflict with the financial market system and its executive regulations.



## 12- Stock activities, debt instruments, loans and any of its subsidiaries:

The company's authorized capital, issued as at 31/12/2021, is SAR 141 million 14,100,000 shares, with a face value of 10 SAR per share. The Gulf Wealth Holding Company contributed 15% and 85% to the general.

"During the fiscal year ending December 31, 2021, there were no debt instruments issued by the company, no interest in the voting-worthy category of shares, and no interest." Option and subscription rights belong to board members, senior executives or their family members in the company's shares. Nor are there any equity-convertible debt instruments, option rights, IPOs or similar rights issued or granted by the company during the fiscal year ending on that date. Nor are there any transfer or subscription rights under debt instruments that are convertible into shares, option rights or similar rights certificates issued or granted by the company during 2020, nor is there any recovery, purchase or cancellation by the company of any recoverable debt instruments. There is also no arrangement or agreement whereby any shareholder waives any rights to profits. The company does not have financial obligations to others, loans or any debt instrument or equity activities.

### The Board of Directors acknowledges that there are no loans to the company.

SN.	A description of any interest of the board members and their spouses and minor children in the shares or instruments of the company's debt or any of its subsidiaries:	Beginning of year		End of year		Net change	Change ratio
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Mr. Fawaz Mohammed Al-Sharabi	-----	-----	-----	-----	-----	-----
2	Mr. Hossam Talal Ghazawi	705	-----	2205	-----	1500	68%
3	Eng. Mohammed Hani bin Abdulkader Al-Bakri	-----	-----	-----	-----	-----	-----
4	Dr. Abdul Latif Al-Sheikh	705	-----	705	-----	---	-----
5	Mr. Abdullah Abdulrahman Al-rabdi	7,797	-----	-----	-----	-7,797	-100%

There is no interest of the chief executives, their spouses and minor children in the shares or instruments of the company's debt or any of its subsidiaries.

## 13- Zakat, regular payments and loans:

Statement	2021		BRIEF DESCRIPTION	statement of reasons
	Paid	Due at end of annual financial period and not paid		
	Value (1000 SAR)			
Zakat		-		
Taxes		25		
VAT		3,623	December 2021 receivables	To be paid in January 2022
General Social Insurance Institution		416	December 2021 receivables	To be paid in January 2022
visa and passport costs		-		

Labor office fee		-		
Supervision fees of the Central Bank Saudi		715	Remaining receivables of 2021	To be paid in January 2022
Supervisory Fees of the Cooperative Health Security Council		336	Fourth quarter 2021 receivables	To be paid in January 2022
Trading fees		-		
Penalties		-		
Withholding tax		26	December 2021 receivables	To be paid in January 2022
Withholding tax		-	Payments for 2012	

#### 14- Declarations:

Allied cooperative insurance group (ACIG) declares that:

- 1- There's no subsidiaries.
- 2- It does not have any loans, whether payable upon request or otherwise, and the company did not make any loan repayments during the 2021 financial year.
- 3- There are no equity convertible debt instruments, and no option rights, IPOs or similar rights issued or granted by the company during FY2021.
- 4- There are no transfer or subscription rights under debt instruments that are convertible into shares, rights or options, rights certificates, or similar rights, or which the company issued or granted during FY2021.
- 5- The company has not recovered, purchased or canceled any recoverable debt instruments, or any value for the remaining securities.
- 6- There is no interest in the category of voting shares belonging to persons.
- 7- There are no option or subscription rights to which the issuer is a party for members of the Source's Board of Directors, senior executives, spouses and minor children.
- 8- There is no arrangement or agreement under which an issuer's shareholder waives any rights to profits.
- 9- There are no other investments or reserves established for source personnel.
- 10- There are no waivers for salaries or compensation.

#### 15 - Number, dates and reasons for the company's shareholder record requests

The number of the company's requests to the shareholders register	Order Date	Order Reasons
1	January 04, 2021	Others
2	Jun 13, 2021	General Assembly
3	August 12, 2021	Others
4	August 13, 2021	Others
5	27 Sep 2021	General Assembly
6	October 25, 2021	Others
7	December 27, 2021	Extraordinary General Assembly
8	December 28, 2021	Others

## **16- External auditors and IFRS :**

The General Assembly, which met on 15/06/2021, approved the appointment of the company's auditors, the office of Dr. Mohammed Al-Omari, its partners, the legal accountants, the Office of Al-Azm, Al-Sudairi and their partners, the accountants and the legal auditors, to examine, review and audit the financial statements of the second, third, fourth and annual quarters of the financial year 2021 and the first quarter of the financial year 2022, and determine their fees.

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

We have audited the financial statements of Allied cooperative insurance group (ASIG) (Saudi Arabian Joint Stock Company) ("The Company"), which include the statement of financial position as at 31 December 2021, the income statements, other gross income, changes in property rights and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

In our opinion, the attached financial statements fairly present, in all material respects, the financial position of the company as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted in Saudi Arabia and other standards and issuances adopted by the Saudi Arabian Chartered Accountants Authority.

### **The company acknowledges that: -**

- A. The account records were properly prepared.
- B. The system of internal control had been properly prepared and effectively implemented.
- C. There was little doubt that the source was able to continue its activity.

## **17- Effectiveness and efficiency of internal control procedures:**

The scope of the Internal Audit Department includes examining and evaluating the efficiency and effectiveness of the company's internal control systems, during 2021. The audits were carried out according to a methodology based on identifying risks, evaluating internal control systems, identifying and evaluating weaknesses and updating the procedures followed, in accordance with the established standards and based on the organizational rules of the Department Internal audit approved by the Audit Committee and the Board of Directors.

The Internal Audit Department submits its quarterly reports to the Audit Committee emanating from the Board of Directors. These reports are based on the audit plan that is developed at the beginning of each fiscal year by the Internal Audit Department with the approval and supervision of the Audit Committee.

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

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

## 18- Details of the company's social contributions

### Community Responsibility Initiatives 2021:

- Awareness campaign (#WeCollaborate\_AreDone) - February 2021
- Awareness Campaign (Secure from your home) - February 2021
- Awareness campaign (#Take\_Step) - March 2021
- A campaign during the holy month of Ramadan (#SOOM\_Sahha) - April, May 2021
- Awareness campaign (#ArabFinancialInclusionDay) - April 2021
- A campaign about the month of Dhu al-Hijjah under the slogan (#InPeace\_Safe) - July 2021
- Rewards for Olympic winner Tariq Hamdi - August 2021
- National Day 91 campaign under the slogan (#OURS\_HOME) - September 2021
- World Breast Cancer Day awareness campaign - October 2021
- World Diabetes Day awareness campaign - November 2021
- SAMA and the Communications and Information Technology Awareness Campaign entitled #PhishingOff - December 2021

### The company trained 13 trainees in 2021 .

Training						
#	Name	University	Specialization	Certificate	Training sections	Supervisor
1.	Abdulaziz Saleh Al-Mufdi	King Saud	Actuarial and Financial Mathematics	Bachelor	Technical Departments Risk management Sales	Muhammad Al Abd Al Karim
2.	Ghada Ali Al-Ghamdi	King Saud	Security risk management	Bachelor	Technical Departments Risk management Sales	Muhammad Al Abd Al Karim
3.	Al-Anoud Ali Al-Hindi	King Saud	Actuarial and Financial Mathematics	Bachelor	Technical Departments Risk management Sales	Muhammad Al Abd Al Karim
4.	Musa'id Abdullah Al-Barrak	Imam Muhammad Bin Saud	Security risk management	Bachelor	Technical Departments Risk management Sales	Muhammad Al Abd Al Karim
5.	Yasser Hassan Subhi	Umm al-Qura	Business Administration	Bachelor	Car Liabilities Sales	Hanaa Al-Jafari
6.	Qublan Mutab Al-Harthi	King Saud	Management science	Bachelor	Technical Departments Risk management Sales	Muhammad Al Abd Al Karim
7.	Israa Ibrahim Sharqawi	King Abdulaziz University	IT	Bachelor	Information technology	Majdi Omran
8.	Al-Jawhara Al-Wahabi	Prince Muhammad bin Fahd	Accounting	Bachelor	Finance	Muhammad Al Abd Al Karim
9.	Ali Hassan Al-Attas	Imam Muhammad Bin Saud	Management science	Bachelor	Technical Departments Risk management Sales	Muhammad Al Abd Al Karim
10.	Walid Saad Al-Zahrani	Imam Muhammad Bin Saud	Management science	Bachelor	Technical Departments Automobile subscription	Muhammad Al Abd Al Karim
11.	Raneem Ibrahim Al-Muhannah	Imam Muhammad Bin Saud	Risk insurance and management	Bachelor	Technical Department Automobile subscription	Muhammad Al Abd Al Karim

12.	Abdel Aziz Mohammed Al-Ajmi	King Saud University	Law	Bachelor	Legal Department	Mutaz al-Jadid
13.	Rinad Muayad Al-Qarni	King Saud University	Law	Bachelor	Legal Department	Mutaz al-Jadid

#### 19- Dates of genral shareholders' associations held during the last financial year and the names of members of the board of directors present for such associations

Name	Ordinary General Assembly Meeting Jun 15 2021	Ordinary General Assembly Meeting September 29, 2021	Extraordinary meeting of the General Assembly December 29, 2021
Mr. Mishaal Ibrahim Al-Otaibi	Present	Present	Absence
Mr. Hisham Mohammed Al-Sharif	Present	Not board member	Not board member
Eng. Mohammed Hani Al-Bakri	Absence	Absence	Absence
Mr. Hossam Talal Ghazawi	Present	Present	Present
Dr. Abdul Latif bin Mohammed Al-Sheikh	Absence	Present	Absence
Mr. Fawaz Mohammed Al-Sharabi	Present	Present	Present
Mr. Adel Mohammed Jamjoom	Absence	Absence	Not board member
Mr. Abdallah Abdel Rahman Al-Rbedi	Present	Absence	Absence
Mr. Khaled Suleiman Al-Jasser	Present	Not board member	Not board member
Mr. Abdullah Saleh Al-Harbi	Present	Not board member	Present

#### 20. Future risks:

There is no doubt that there are future risks that may affect the performance of companies working in the insurance sector, including the impact of global reinsurance companies on the effects of global markets, and thus non-compliance with the terms of reinsurance agreements. Although the company only contracts with highly valued reinsurance providers, a change in the policies of the reinsurance companies is considered a future risk that may affect the performance of the company. Also potential risks are: "There is a 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 system, which is important and effective in maintaining the stability of the company and in finding the most appropriate means to identify and study the risks facing the company and thus work to control them.

## Risks a 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.

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.

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;

#### Income from insurance operations

Impact of change in claim ratio by - 2%

	31 December, 2021	31 December, 2020
Medical	31,582	(3,444)
Motor	(67,594)	72,688
General Accident	7,598	7,340
Others	26,932	3,846
	(1,482)	80,430

#### SAR'000

31 December, 2021	31 December, 2020
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#### Income from insurance operations

Impact of change in claim ratio by + 2%

Medical	26,820	(14,677)
Motor	(81,650)	31,852
General Accident	7,114	6,200
Others	26,860	3,604
	(20,856)	26,979

#### (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.

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 2019 and 2018, 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 0.91 million (2020: SAR 1.1 million).

The commission bearing investments of the Company and their maturities as at December 31, 2021 and 2020 are as follows:

	Less than 1 Year	More than 1 Year	Total
<b>Insurance Operations</b>			
2021	182,367	-	182,367
2020	119,331	-	119,331
<b>Shareholders Operations</b>			
2021	-	-	-
2020	61,050	25,000	86,050

## 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 28.7 million (2020: SAR 27.3 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:

	<b>Fair value change</b>	<b>Effect on Company's profit</b>
	SR'000	SR'000
31 December 2021	+ / - 10%	+/-2880
31 December 2020	+ / - 10%	+/-2734

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2021 and 2020. 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.

### 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

	<b>SAR'000</b>	
	<b>2021</b>	2020
<b><u>ASSETS - INSURANCE OPERATIONS</u></b>		
Cash and cash equivalents	<b>52,973</b>	69,686
Premiums and reinsurers' receivable – net	<b>98,415</b>	98,638
Reinsurers' share of outstanding claims	<b>12,955</b>	11,908
Reinsurers' share of claims incurred but not reported	<b>8,498</b>	8,020



Prepayments and other receivables

57,950	60,076
<b>230,791</b>	<b>248,328</b>
<b>SAR'000</b>	
<b>2021</b>	<b>2020</b>

#### Income from insurance operations

Cash and cash equivalents	-	75,251
Available-for-sale investments	<b>50,721</b>	49,259
	<b>50,721</b>	<b>124,510</b>

#### 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% (2020: 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

	<b>SAR'000</b>					
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Investment grade</b>		<b>Non-investment grade</b>		<b>Unrated</b>	
<b>Investments:</b>						
-Available for sale	-	-	-	-	-	-
Debt instruments	-	-	<b>20,000</b>	20,000	-	-
Equities	<b>11,508</b>	11,177	-	-	-	-
Other	<b>17,209</b>	16,159	-	-	<b>1,923</b>	1,923
<b>Premium and reinsurance balances receivable:</b>	-	-	-	-	-	-

Policyholders'	-	-	-	-	99,468	93,309
Due from a related party	-	-	-	-	6,447	1,985
Reinsurance receivables	-	-	-	-	1,985	5,329
<b>Total</b>	<b>28,717</b>	<b>27,336</b>	<b>20,000</b>	<b>20,000</b>	<b>109,823</b>	<b>102,546</b>

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- Description of any transaction between the company and a related party

Related party	Member of the board name	Deal type	Term	Value (SAR)
Bakri Companies Group	Mr. Mohammed Hani Al-Bakri	Insurance against Dishonesty and Cash and Car Insurance	1 year	108

## 22- Information relating to any business or contract to which the company is a party or in which it is in the interest of a member of the Board or a senior executive

Member/CEO name	Terms of employment or contract	Terms of business or contract	Amount of work or contract in SAR	Nature of the work or contract
Mr. Abdulaziz Al-Enezi	Security Under Established Systems	1 year	4	vehicle insurance policy
Mr. Muhammad Al-Qadi	Security Under Established Systems	1 year	1	vehicle insurance policy
Mr. Abdessalam Al-Baoud	Security Under Established Systems	1 year	2	vehicle insurance policy
Mr. Yasser Nasrallah	Security Under Established Systems	1 year	1	vehicle insurance policy
Mr. Talal Al-Zahrani	Security Under Established Systems	1 year	1	vehicle insurance policy
Mr. Hassan Al-Hazmi	Security Under Established Systems	1 year	4	vehicle insurance policy

## 23- Investments:

The company invests its funds deposited in local banks in low-risk profit programs in accordance with the provisions of the Islamic Shariah, in addition to investing in sukuk and investment in the listed securities and units in a local real estate fund available for sale. It also owns shares in Najm Insurance Services Company (a closed Saudi company), where it owns 3.85% of the company's shares. The nominal investment in the company's books is 1,923,000 SAR. It has commenced its vehicle Liabilities settlement business. As follows :

### AVAILABLE-FOR-SALE INVESTMENTS

All available-for-sale investments are in shareholders' operations and comprise the following :

	SAR'000	
	31 December, 2021	December 31, 2020
Investment in Sukuk	20,000	20,000
Quoted securities	11,508	11,177
Unquoted securities	1,923	1,923
Quoted local real estate fund	17,290	16,159
	<b>50,721</b>	<b>49,259</b>

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

	SAR'000				
	Investment in Sukuk	Quoted securities	Unquoted securities	Units in quoted local real estate fund	Total
As at January 01, 2021	20,000	11,177	1,923	16,159	49,259
Disposals during the year	-	-	-	-	-
Changes in fair value of investments	-	331	-	1,131	1,462
As at 31 December 2021	<b>20,000</b>	<b>11,508</b>	<b>1,923</b>	<b>17,290</b>	<b>50,721</b>

	SAR'000				
	Investment in Sukuk	Quoted securities	Unquoted securities	Units in quoted local real estate fund	Total
As at January 01, 2020	25,000	11,256	1,923	12,927	51,106
Disposals during the year	(5,000)	-	-	-	(5,000)
Changes in fair value of investments	-	(79)	-	3,232	3,153
As at 31 December 2020	<b>20,000</b>	<b>11,177</b>	<b>1,923</b>	<b>16,159</b>	<b>49,259</b>

**This concludes the report of the Board of Directors on the company's work for the year 2021.  
We hope that God will grant us success.**