

Alinma Tokio Marine Company
Board of Directors Report
2022

The Board of Directors of Alinma Tokio Marine Company (the Company) is pleased to present the Board of Directors report of the Company covering the Company's financial results and achievements for the twelve months period ended 31 December 2022.

This report must be read in conjunction with the Company's audited financial statements for the year ended 31 December 2022 and the Company's announcements on Tadawul. This annual board report includes the most important updates, financial results, operational activities and outlook disclosures in compliance with the rules and regulations applicable in the Kingdom of Saudi Arabia.

Background and main activities:

ATMC is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The Commercial Registration number of the Company is 7001727200, dated 28 Rajab 1433H (corresponding to 18 June 2012). The Company is listed on the Saudi Arabian Stock Exchange ("Tadawul") since 24 June 2012.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 25/M, dated 3 Jumada-Al Thani 1430H (corresponding to 27 June 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009).

The purpose of the Company is to transact in cooperative insurance operations and all related activities in accordance with its By-Laws and applicable regulations in the Kingdom of Saudi Arabia.

1. Main plans of the Company, important decisions and updates during the period:

1-1 Strategic direction:

The Company's mid-term business plan was approved by the Board of Directors in December 2021. The key components of the plan included development and optimization of its core and non-core business activities covering corporate, retail and bancassurance distribution channels, underwriting and claims management, excellence in customer services, robust governance and risk management framework and investment activities. The Board of Directors oversees the progress in realizing business objectives of the Company on a regular basis.

In December 2022, the Board of Directors has decided to sign non-binding Memorandum of Understanding with Arabian Shield Cooperative Insurance Company to initiate discussion with them to seek potential merger.

1-2 Framework of Company Governance:

During the year 2022, several policies and procedures were developed to cater the growing business needs and regulatory requirements. These policies are reviewed on a continuous basis, aligned to the present and future business requirements and to strengthen the governance and risk management framework.

1-3 Branch Distribution Network:

During 2022, the Company has not opened any new branch and have found existing three branches in Riyadh, Jeddah and Khobar sufficient to service its customer base. This is as per the recommendation of the Executive Management of the Company in line with Company's current business plan. This situation is going to be periodically assessed and need for expanding branch network will be evaluated to serve our expanding customer base.

1-4 Key developments in operational activities

Continuously reviewing operating processes and practices is one of key focus area for the company. Few key developments worthy of mention are as under:

- Achieved over 42% growth in Gross Written Premium and over 30% growth in Net Written Premium.
- Achieved underwriting profit target by augmenting operational efficiencies leading to improved cost controls compared to last year
- Achieved 8.6 millions' reduction of provisions for doubtful debt by collecting receivable premium.
- Achieved 7.4 million's net profit in 2022.
- Improved employees' engagements by enhancing human capital programs and talent developments.
- Completed several IT projects to improve efficiency by reducing man-made works utilizing system.
- Improved company's internal control structure by continuous cross-departmental collaboration between control functions.

1-5 Plan of Business Continuity and Disaster Recovery

The Company's business continuity plans, and disaster recovery plans are periodically tested to ensure minimal impact to operations in the event of disaster. The plans have been comprehensively designed to incorporate any major/minor disruption in markets where the Company has a business presence.

2. Future expectations, risks and developments

2-1 Competitiveness and work environment:

In 2022, insurance market environment in the Kingdom has backed to normal from the special situation under COVID-19, which has brought us both growth opportunities and increase in number of insurance claims by expansion of economic activities in many sectors. On the other hand, affected by global economic trend like inflation, the industry has suffered from increase in claim cost and employee cost, furthermore, because of high interest rate, and uncertainty of capital market, the industry has faced difficulties to stabilize investment income.

The Company continues to aim to be the insurance partner of choice as the company's mission, has focused on providing best customer service in 2022. At the same time, the Company has been focusing on profit-oriented direction and achieved 7.4 million's net profit despite the severe market environment as described above.

2-2 Future Expectations:

In 2022, the Company has achieved not only good financial results but also robust business platform which includes customer base, talented team, and effective business procedures etc. Utilizing these good momentums, the Company has set ambitious plan in 2023 to achieve more topline and profit with efficient business model, to be more reliable company who can always provide best service to the customers.

In addition to the ordinary business, the Company had disclosed in December 2022 that ATMC will study the potential merger with Arabian Shield Cooperative Insurance Company to be more successful insurance company.

3. Risks faced by the Company

During normal course of business, the Company is exposed to various risks. Besides having a sound risk management framework, systems and procedures are also put in place to identify, control and manage the major risks that the Company could be subjected to. The major risk types that might be encountered by the Company are as follows:

3-1 Credit Risk:

Credit risk is the risk that arises with a possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value of financial assets disclosed in the statement of financial position for the period ended 31 December 2022. The Company's credit risk exposure relating to customers and deposits is mainly concentrated in Saudi Arabia and transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

3-2 Insurance Risk:

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.

Insurance Risk incorporates underwriting, reserving and reinsurance risks. The Company monitors concentration of insurance risks primarily by class of business. 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.

3-3 Reinsurance Risk:

Reinsurance risk arises when the reinsurance partners are unable to discharge their liabilities which makes the Company liable to the insured fully. To mitigate this risk, the Company only deals with reinsurance counterparties having strong financial ratings to minimize the reinsurance default risk.

3-4 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 risk management 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 risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

3-5 Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. Liquidity requirements are monitored on a timely basis and manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. To manage the liquidity risk the Company holds liquid assets comprising cash and cash equivalents and investment securities for which there is an active market except for unquoted equity instruments. These assets can be readily sold to provide additional liquidity when needed.

3-6 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 the Company's activities. The Company manages the Operational risks by setting and following the policy and procedures of each department and Risk management department monitors their effectiveness periodically.

3-7 Information Technology Risk:

Information Technology (IT) risk is error or failure of the business operations due to error associated with the internet connectivity, online transactions, and other business support applications. These risks are encountered due to large dependency on computer systems and information technology.

The Company has implemented strong controls including firewalls, anti-virus solutions and backups and recovery systems to minimize the risks posed by cyber risks. Moreover, the Company's Information security function under risk management department performs various information security activities to avoid any risk associated with the cyber-attacks.

3-8 Regulatory Risk:

The Company is operating in an industry with high regulations. Failure to meet those regulatory standards and requirements would expose the Company to various penalties and would increase reputational risk. The Company is cognizant of its responsibilities and thus has established a Compliance department which is responsible to keep tracks of important deadlines and ensures all the mandatory requirements are met timely.

3-9 Solvency Risk:

The risk arises when the Company may not be able to meet its solvency requirements as defined by Saudi Central Bank ('SAMA'). Monthly solvency margin calculations are prepared to gauge the solvency position. The Company has projected the Solvency Margin for 3 years and monitors the movement on monthly basis

3-10 COVID-19 risk:

Although ongoing COVID-19 situation in Saudi Arabia is stable, if another pandemic comes in future, it may adversely effect on the Company's operations, financials, service levels, employees, customers, and suppliers. If the situation comes, the Company will activate the business continuity plans, and to ensure the safety and wellbeing of our employees, to maintain excellent service levels, to actively engage with, and support, our customers, and regulators.

4. Business Results and Financial highlights:

In 2022, the company has achieved both topline and bottom-line targets which had been approved by Board of Directors in December 2021. Gross Written Premium has grown by 42 %, Net Written Premium by 40%, and Net earned Premium by 34 % respectively. Net Profit was 7.4 million, the company achieved the break-even for the first time since 2012 when the company had established. These significant results were based on the improvement of the company's fundamentals. In the past years, the company has worked on strengthening salesforce and product, improving cost and cash-flow control, and developing new IT system, enhance talent-management schemes, and internal control

structures. The company expects to achieve more higher financial result in 2023 by fully utilizing and further improving these upgraded fundamentals.

4-1 Summary financial results:

The below table shows the key financial metrics for the years 2018-2022 (unit: SAR'000)

Statement of operations	2018	2019	2020	2021	2022
Gross Written Premiums	353,591	331,141	316,315	305,554	438,579
Net Written Premiums	196,748	169,281	124,453	158,814	208,469
Net Earned Premiums	201,403	161,546	136,836	141,886	187,810
Total revenue (insurance operations)	226,495	187,953	167,810	169,400	220,270
Gross claims paid	(199,214)	(243,553)	(160,147)	(83,872)	(103,675)
Net claims Incurred	(151,748)	(117,785)	(66,033)	(72,233)	(105,185)
Total expenses (insurance operations)	(109,582)	(108,840)	(102,247)	(107,734)	(103,082)
Net Profit/(loss) for the year	(37,146)	(38,231)	(5,823)	(14,403)	7,400

4-2 Historical key financial figures

The below charts summarize the Company's net written premiums and net loss for the years 2018 -2022 (Unit: SAR'000).



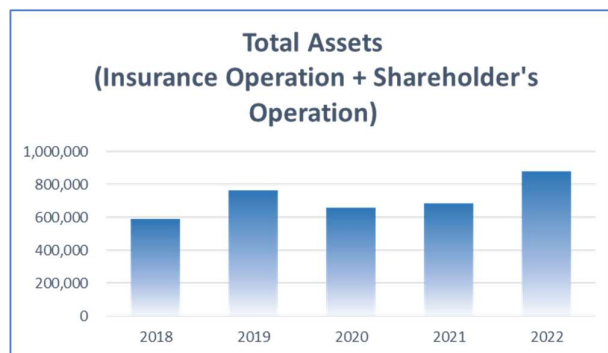
4-3 Balance sheet summary: (Unit: SAR'000)

Total assets increased by SAR 201 million (+30%), this increase is primarily driven by increase in investment, Reinsurance assets, and other assets with increase in insurance productions in 2022.

Total Liabilities increased by SAR 193 million (+39%) from last year, mainly due to increase in unearned premiums by SAR 93 million, the increase in Reinsurance payable balances with increase in insurance productions in 2022.

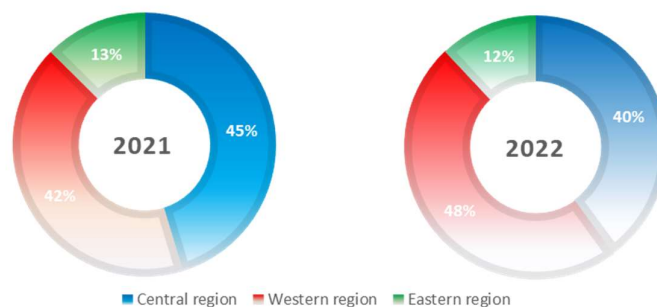
The Company's net asset value as of December 2022 was 194 million, increased by 7.4mil from December 2021 due to the net profit for the year 2022. The accumulated losses as of December 2022 was of SAR 105 million which represents 35.1% of the share capital. This ratio has been decreased by 2.5 points from 37.6% as of December 2021 due to 7.4 millions' net profit for the financial year of 2022, the company expect to reduce the ratio more in 2023 by achieving profit.

Insurance Operation + Shareholder's Operation	2018	2019	2020	2021	2022
Cash and cash equivalents	52,710	219,182	235,480	248,314	102,816
Investments	217,385	136,311	49,456	42,814	99,968
Premium and Reinsurance receivables	96,325	73,111	70,633	72,977	115,194
Reinsurance share of outstanding claims, incurred but not reported claims	102,633	152,787	59,558	44,922	92,313
Other assets	109,609	180,637	240,870	267,849	467,250
Total Assets	578,662	762,028	655,997	676,876	877,541
Outstanding claims	97,703	172,767	61,847	54,164	113,374
Incurred but not reported claims	28,706	31,895	46,576	42,981	38,445
Unearned premiums	80,827	107,765	133,049	157,161	249,719
Other liabilities	126,428	242,551	212,762	235,661	281,631
Total liabilities	333,664	554,978	454,234	489,967	683,169

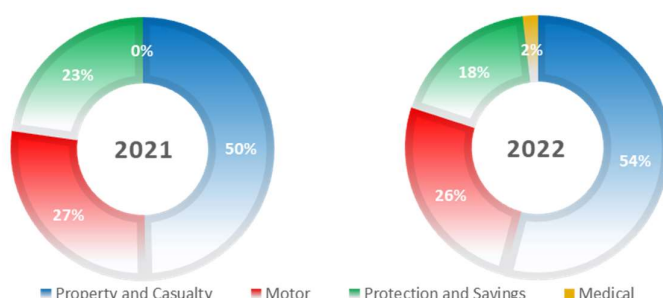


4-4 Geographical and Segmental Analysis of GWP: (Unit: SAR'000)

The company doesn't have overseas subsidiaries and operates within Saudi Arabia only, The geographical spread of gross written premiums written during 2022 and 2021 are as follows:



As of the end of 2022 54% of the company's business is Property and Casualty line, Motor line is 26%, Protection & Saving business is 18%, and Medical line is 2% respectively.



4-5 Fundamental differences in operational Results:

Fundamental differences in operating results for the year 2022 (Unit: SAR'000)

	2020	2021	2022	21 vs 22	Change(%)
Gross Written Premiums	316,315	305,554	438,579	+133,025	+42.1%
Net Written Premiums	124,453	158,814	208,469	+49,655	+39.9%
Net Earned Premiums	136,836	141,886	187,810	+45,924	+33.6%
Reinsurance Commission Earned	24,351	20,162	21,299	+1,137	+4.7%
Policy Acquisition Cost	(25,588)	(26,739)	(36,697)	(9,958)	+38.9%
Net Claims Incurred	(66,033)	(72,233)	(105,185)	(32,952)	+49.9%
Net profit/(loss) for the year	(5,823)	(14,403)	7,400	+21,803	-374.4%

The Company achieved 42% increase in Gross Written Premium, 40% in Net Written Premium and 34% in Net Earned Premium respectively mainly due to business expansion. Reinsurance commission and Policy acquisition cost as well increased with business expansion in 2022.

Net Claims Incurred increased by 50% due to several reasons like increase in existing portfolio, claim cost inflation, and some large-sized claims like heavy rain claim in Jeddah occurred in November 2022, however, overall, the company well managed the Loss Ratio by disciplined Underwriting works and proper payments of claim.

As a result, the company has achieved net profit by 7.4 million in 2022.

4-6 The joint independent external auditors' report contains an unqualified opinion on the financial statements of the Company. The financial statements present fairly in all material aspects the financial position of the company as at 31st December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ('SOCPA').

Further, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as endorsed in Kingdom of Saudi Arabia by SOCPA, other standards and pronouncements issued by SOCPA, regulations for Companies and Company's By-Laws.

5. Payments to Regulators (Unit: SAR'000)

Name	Description	2021		2022	
		Payable	Paid	Payable	Paid
ZATCA	ZAKAT & TAX	6,699	3,592	5,533	3,483
SAMA	SAMA	293	1,873	453	1,706
CCHI	CCHI	0	51		80
GOSI	Subscriptions	284	2,646	285	2,992
CMA	Listing fee/Service fee	0	471		432
TOTAL		7,276	8,633	6,271	8,693

- The Zakat, Tax and Customs Authority (ZATCA): Total outstanding predominantly related to the annual zakat and tax charge for the year 2022 and additional contingency provisions for zakat and withholding tax matters.
- The Saudi Central Bank (SAMA): The total amount paid to SAMA represents inspection and supervision fees paid to SAMA in 2022 was 1,706k, for three quarters of 2022 amounted to SAR 873K, fees for the last quarter of 2021 amounted to SAR 293K and penalties for the year 2022 amounted to SAR 540K. Payable represents fees for the last quarter of 2022.
- The Council for Cooperative Health Insurance (CCHI): The total amount paid to CCHI for levies amounted to SAR 80k.
- The General Organization for Social Insurance (GOSI): The total amount paid to GOSI during the year was SAR 2,992k.
- Tadawul and the Capital Market Authority (CMA): The Company paid SAR 432k to Tadawul/the CMA during 2022.

6-1 Major Shareholders: The Company has authorized capital of SR 300,000,000 divided into SR 30,000,000 ordinary shares with a nominal value of SR 10 per share. The following table indicates the shareholders owning more than 5% of the shares of the Company as on 31 December 2022.

There has been no change in the composition of the shareholders holding more than 5% of the shares during the year ended 31 December 2022.

Shareholder	Ownership Percentage (%)	Number of Shares	Nationality
Alinma Bank	28.75%	8,625,000	Saudi
Tokio Marine & Nichido Fire Insurance Co.	28.75%	8,625,000	Japanese

6-2 Description of the interests, option rights and subscription rights of the Board members, senior executives, their spouses and minor children to the shares or debt instruments of the Company together with the changes affecting such interests or such rights during the last fiscal year:

Name	Beginning of the Year		End of the Year		Change rate
	Number of Shares	Debt instruments	Number of Shares	Debt instruments	
3 Ali Suliman AlAyed	1,000	-	1,000	-	0%
4 Khalid Abdullah AlRumaih	83	-	83	-	0%

6-3 None of the Senior Executives, their spouses and minor children have any interest in the shares of the Company.

Name	Beginning of the Year		End of the Year		Change rate
	Number of Shares	Debt instruments	Number of Shares	Debt instruments	

7. Board of Directors

7-1 Key Responsibilities of the Board:

Subject to the competencies established by the general assembly, the Board shall have the broadest authorities as to the management of the Company. Among these responsibilities borne thereby, following are mentioned as example:

- Providing proposals to develop the strategy of the Company.
- Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
- Reviewing reports related to the performance of the Company.
- Ensuring the integrity and impartiality of the financial statements and information of the Company.
- Determining the appropriate level of remunerations of the members of the Executive Management.
- Expressing opinions as to the appointment and dismissal of members of the Executive Management.

7-2 Information about the Board Chairman and Members:

Referring to Article 15 of the Articles of Association of Alinma Tokio Company, it is necessary for the company to be managed by a Board of Directors consisting of (8) members elected by the ordinary general assembly for a period not exceeding (3 years), and the composition of the Board of Directors must reflect an appropriate representation of independent members. The number of independent members of the Board of Directors may not be less than two members or one third of the members of the Board, whichever is more. An exception to this is the appointment of the Constituent Assembly members of the first Board of Directors for a period not exceeding (3) years starting from the date of the publication of the decision of the Ministry of Commerce and Investment to establish the company.

The Board of Directors was formed for the fourth session by virtue of the resolution of the Ordinary General Assembly on May 26, 2021, as the fourth session started from June 9, 2021, AD - June 8, 2024, AD. The Chairman and Vice-Chairman of the Board of Directors were chosen at the new Board meeting on June 09, 2021.

Name	Position	Membership Classification
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1	Abdul Mohsen Abdulaziz AL fares	Chairman of the Board	Non-Executive
2	Hironari Iwakuma	Vice Chairman of the Board	Non-Executive
3	Abdullah Ali Alkhalifa	Board Member	Non-Executive
4	Satoshi Furuya	Board Member	Non- Executive
5	Emad Abdulrahman Albutairi	Board Member	Non-Executive
6	Ali Suliman Alayed	Board Member	Independent
7	Beshr Mohammed Bakheet	Board Member	Independent
8	Khalid Abdullah AlRumaih	Board Member	Independent

7-3 Summary about the Board Members

	Name	Current Position	Previous Position	Qualifications	Experiences
1	Abdul Mohsen Bin Abdulaziz AL fares	Chairman of Alinma Tokio Marine Company	<ul style="list-style-type: none"> - CEO - Alinma Bank - Executive General Manager for inancial Services - Abdul Latif Jameel Company Ltd - General Manager -Zakat, Tax and Customs Authority), - Director of the General Accounting Department - Central Bank of Saudi Arabia - Assistant Director of the Internal Audit Department - Central Bank of Saudi Arabia 	<ul style="list-style-type: none"> - Bachelor of Accounting - King Saud University. - Master of Accountancy - Western Illinois University. - Fellowship of the American Institute of Certified Public Accountants (CPA) - America 	Over Forty-one years of experience in the financial sector.
2	Hironari Iwakuma	Managing Director and CEO - Tokio Marine Middle East Ltd	<ul style="list-style-type: none"> - Associate Officer and General Manager - Tokio Marine & Nichido Fire Insurance Co., Ltd, -Executive Director- Tokio Marine Insurance (Malaysia) Berhad 	Bachelor of Economics - Konan University.	Over forty years of experience in the insurance sector.

3	Abdullah Bin Ali A Khalifa	Chief Executive Officer - Alinma Bank	Chief Financial Officer - Arab National Bank Chief Financial Officer - Al-Rajhi Bank Chief Financial Officer - Banque Saudi Fransi	- Bachelor of Accounting - King Saud University - Master's degree in Accounting - University of Miami	Over twenty-nine years of experience in the banking and investment sector.
4	Satoshi Furuya	General Manager - Tokio Marine Holdings.	General Manager / Tokyo Marine Dubai Executive Management Staff / Tokyo Marine Europe Executive Director / Hussain Oweini & Partners, Kingdom of Saudi Arabia Managing Director / Tokio Marine Egypt General Takaful Senior Vice President, and General Manager / Tokyo Marine America	BA of Political Science and Economics – Major in Economics – Waseda University	Over twenty-six years of experience in the insurance sector.
5	Emad Bin Abdulrahman Albutairi	Head of Corporate Banking	- General Manager of Corporate Banking - Bank Albilad - Head of Commercial Banking Services for the Eastern Region - Al Ahli Bank - Head of Corporate Banking Services - United Saudi Commercial Bank	- Bachelor of Science in Petroleum Engineering - King Saud University. - Master of Business Administration - King Fahd University of Petroleum and Minerals.	Thirty-one years of experience in wholesale banking in both internationally and locally.
6	Ali Bin Suliman Alayed	-	- Director of Credits and Documents Department - Saudi Basic Industries Corporation. - Financial and Administrative Director - Resources Company Limited. - Financial Director - Tawuniya Insurance Company. - Executive Vice President and Chief Financial Officer - Saudi Electricity Company. - Chief Executive Officer and	Bachelor of Accounting - King Saud University.	Thirty-nine years of experience in financial management, accounting, auditing, and insurance.

			<p>Member of the Executive Committee and Investment Committee - Malath Insurance Company.</p> <p>- Chairman of the Board of Directors - Najm Insurance Services Company.</p> <p>- Director General of Supervision of Insurance Companies - Central Bank of Saudi Arabia.</p>		
7	Beshr Bin Mohammed Bakheet	<p>- Osool & Bakheet Investment Company - Member of the Board of Directors.</p> <p>- Bakheet Japan Company - Chairman and CEO.</p> <p>- Bakheet Al-Mubader Information Technology Company - Founder and Owner.</p>	<p>- Credit Suisse Japan — Department Manager.</p> <p>- Bakheet Financial Consulting – Founder.</p> <p>- Bakheet Investment Group Chairman and CEO.</p> <p>- Al-Ahly Takaful Company - Member of the Board of Directors.</p> <p>- The Saudi Stock Exchange Company - Member of the Board of Directors.</p>	<p>- bachelor's in mathematics - Ohio State University.</p> <p>- Master of Engineering Management - Keio University.</p>	Thirty-two years of experience in leadership and financial positions.
8	Khalid Bin Abdullah AlRumaih	<p>Manager, Government affairs, Central Province – Saudi Arabian Oil Co.</p>	<p>- General Supervisor and Director of the Minister's Office.</p> <p>- Several leadership positions in Saudi Arabian Oil Co.</p>	<p>- bachelor's in psychology - King Saud University.</p> <p>- Advanced in English language, communication and international commerce, MLS International College, UK</p>	Twenty-six years of experience several management positions.

7-4 During the year, the Board of directors convened Six meetings and following is the position:

Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Number of Meetings attended
	10 Mar 2022	06 April 2022	12 May 2022	04 Aug 2022	03 Nov 2022	13 Dec 2022	
1 Abdul Mohsen Abdulaziz Alfares	✓	✓	✓	✓	✓	✓	6/6

2	Hironari Iwakuma	✓	✓	✓	✓	✓	✓	6/6
3	Abdullah Ali Alkhalifa	✓	✓	✓	Absent	✓	✓	5/6
4	Satoshi Furuya	✓	✓	✓	✓	✓	✓	6/6
5	Emad Abdulrahman Albutairi	✓	✓	✓	✓	Absent	✓	5/6
6	Ali Suliman Alayed	✓	✓	✓	✓	✓	✓	6/6
7	Beshr Mohammed Bakheet	✓	✓	✓	✓	✓	✓	6/6
8	Khalid Abdullah AlRumaih	✓	✓	✓	✓	✓	✓	6/6
Number of attendees in each meeting		8/8	8/8	8/8	7/8	7/8	8/8	-

8. Committees of the Board of Directors

ATMC Board of Directors has established committees which include Board members and external independent members.

8-1 Audit Committee

Brief of the Audit Committee:

The Audit Committee consists of three members. The Committee reviews the financial statements of the Company and submit proposals to the Board of directors. The Audit Committee reviews internal audit and compliance reports, also assesses the procedures and performance of the external auditors, and approves the plan of compliance, annual internal audit, and related audit plans.

Formation of the Committee:

The Audit Committee was formed in accordance with the resolution of the Tenth Ordinary General Assembly held on May 26, 2021, for the fourth session of the Board of Directors, which began on June 9, 2021, and ends on June 8, 2024.

	Name	Classification
1	Ali Suliman Alayed	Chairman of the Committee, Independent Board Member
2	Ahmed Abdullah AlMeghames	Member of the Committee, from outside the Board
3	Sulayman Alsugair	Member of the Committee, from outside the Board

The Audit Committee held Nine meetings during the year 2022.

Name	1 st Meeting 07 Mar 2022	2 nd Meeting 09 Mar 2022	3 rd Meeting 10 Mar 2022	4 th Meeting 11 May 2022	5 th Meeting 30 May 2022	6 th Meeting 11 Aug 2022	7 th Meeting 30 Aug 2022	8 th Meeting 03 Nov 2022	9 th Meeting 19 Dec 2022	Number of Meetings attended
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1	Ali Suliman Alayed	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
2	Ahmed Abdullah AlMeghames	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
3	Sulayman Alsugair	✓	✓	✓	✓	✓	Absent	✓	✓	✓	8/9
Number of attendees in each meeting		3/3	3/3	3/3	3/3	3/3	2/3	3/3	3/3	3/3	-

Remunerations of the Audit Committee members

(unit: SAR)

Name		Fixed remunerations recorded in the fiscal year 2022	Meeting attendance allowance	Total
1	Ali Suliman Alayed	-	12,000	12,000
2	Ahmed Abdullah AlMeghames	50,000	13,500	63,500
3	Sulayman Alsugair	50,000	12,000	62,000
Total		100,000	37,500	137,500

8-2 Nomination and Remuneration Committee

Brief of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee consists of three members. The Committee studies the remunerations (including incentives, long-term incentives and salary increases) paid to the executive management of the Company. In addition, the Committee approves the policies and procedures of human resources and provides recommendations about the appointment of Committee members.

Formation of the Committee:

The Nominations and Remunerations Committee was formed pursuant to a resolution of the fourth session of the Board of Directors, which began on June 9, 2021, and ends on June 8, 2024.

	Name	Classification
1	Khalid Abdullah AlRumaih	Chairman of the Committee, Independent Board Member
2	Hironari Iwakuma	Member of the Committee, Non-executive Board member
3	Beshr Mohammed Bakheet	Member of the Committee, Independent Board Member

The Nomination and Remuneration Committee held three meetings during the year 2022.

Name	First Meeting	Second Meeting	Third Meeting	
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		08 Mar 2022	11 May 2022	02 Aug 2022	Number of Meetings attended
1	Khalid Abdullah Alrumaih	✓	✓	✓	3/3
2	Hironari Iwakuma	✓	✓	✓	3/3
3	Beshr Mohammed Bakheet	✓	✓	✓	3/3
Number of attendees in each meeting		3/3	3/3	3/3	-

Remunerations of the Nomination and Remuneration Committee members (unit: SAR)

	Name	Fixed remunerations recorded in the fiscal year 2022	Meeting attendance allowance	Total
1	Khalid Abdullah Alrumaih	-	4,500	4,500
2	Hironari Iwakuma	-	4,500	4,500
4	Beshr Mohammed Bakheet	-	4,500	4,500
Total		-	15,000	15,000

8-3 Risk Management Committee:

Brief of the Risk Management Committee:

The Risk Management Committee consists of three members. The committee develops a comprehensive risk management strategy and monitors its implementation thereof. reviews, and updates, when necessary, based on the internal and external risk factors affecting the company. The committee also reviews the risk management policies and periodically reassess the company's ability to take on exposure to risks (for example, by conducting stress tests). The company submits detailed reports to the Board of Directors on exposure to risks and the proposed steps to manage such risks.

Formation of the Committee:

	Name	Classification
1	Emad Abdulrahman Albutairi	Chairman of the Committee, Non-executive Board member
2	Satoshi Furuya	Member of the Committee, Non-executive Board member
3	Felipe Montalban Cortijos	Member of the Committee, from outside the Board

The Risk Management Committee held four meetings during the year 2022 (unit: SAR)

Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Number of Meetings attended
	07 March 2022	23 June 2022	05 Oct 2022	22 Dec2022	
1 Emad Abdulrahman Albutairi	✓	✓	✓	Absent	3/4
4 2 Satoshi Furuya	✓	✓	✓	✓	4/4
3 Felipe Montalban Cortijos	✓	✓	✓	✓	4/4
Number of attendees in each meeting	3/3	3/3	3/3	2/3	-

Remunerations of the Risk Management Committee members:

Name	Fixed remunerations recorded in the fiscal year 2022	Meeting attendance allowance	Total
1 Emad Abdulrahman Albutairi	-	4,500	4,500
2 Satoshi Furuya	-	6,000	6,000
3 Felipe Montalban Cortijos	-	6,000	6,000
Total	-	16,500	16,500

8-4 Executive Committee:

Brief of the Executive Committee:

The Executive Committee consists of five members. The role of the committee is to support the Board of directors in managing the business by revising and monitoring the operational performance of the Company and verifying that the Company achieved the required objectives thereof.

Formation of the Committee:

Name	Classification
1 Hironari Iwakuma	Chairman of the Committee, Non-executive Board member
2 Abdulmohsen Abdulaziz Alfares	Member of the Committee, Non-executive Board member
3 Abdullah AlKhalifa	Member of the Committee, Non-executive Board member
4 Satoshi Furuya	Member of the Committee, Non-executive Board member
5 Ali Suliman Alayed	Member of the Committee, Independent Board member

The Executive Committee held six meetings during 2022:

Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Number of
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		09 Mar 2022	11 May 2022	03 Aug 2022	27 Sep 2022	02 Nov 2022	13 Dec 2022	Meetings attended
1	Hironari Iwakuma	✓	✓	✓	✓	✓	✓	6/6
2	Abdalmohsen Alfares	✓	✓	✓	✓	✓	✓	6/6
3	Abdullah AlKhalifa	✓	✓	Absent	✓	✓	✓	5/6
4	Satoshi Furuya	✓	✓	✓	✓	✓	✓	6/6
5	Ali Suliman Alayed	✓	✓	✓	✓	✓	✓	6/6
Number of attendees in each meeting		5/5	5/5	4/5	5/5	5/5	5/5	-

Remunerations of the Executive Committee members

(unit: SAR)

	Name	Fixed remunerations recorded in the fiscal year 2022	Meeting attendance allowance	Total
1	Hironari Iwakuma	-	9,000	9,000
2	Abdalmohsen Alfares	-	9,000	9,000
3	Abdullah AlKhalifa	-	7,500	7,500
4	Satoshi Furuya	-	9,000	9,000
5	Ali Suliman Alayed	-	9,000	9,000
Total		-	43,500	43,500

8-5 Investment Committee:

Brief of the Investment Committee:

- A) formulate the investment policy and review the implementation of the investment activities on a quarterly basis. These activities include but are not limited to:
- reviewing the performance of each asset class.
 - monitoring the overall risks of the policy.
 - submitting a performance review report to the Board of Directors.
- B) review on an annual base the adequacy of its overall investment policy in the light of the Company's activities, and its overall risk tolerance, long-term risk return requirements, and solvency position.
- C) review, challenge and approve (as appropriate) specific major investment strategy proposals.
- D) review the operational framework of the investment portfolios of the Company, including the use of both internal and external fund management resources.
- E) review the performance generated by the investment assets of the Company, both in absolute terms and relative to benchmark targets.

- F) examine and challenge the current investment market outlook of the Company's fund managers and its implications for fund strategies; and
- G) review annually the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes.

Formation of the Committee:

	Name	Classification
1	Beshr Mohammed Bakheet	Chairman of the Committee, independent Board member
2	Emad Abdulrahman Albutairi	Member of the Committee, non-executive Board member
3	Khalid Abdullah AlRumaih	Member of the Committee, independent Board member

The Investment Committee held four meetings during 2022.

	Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Number of Meetings attended
		10 Mar 22	12 May 22	4 Aug 22	13 Dec 22	
1	Beshr Mohammed Bakheet	✓	✓	✓	✓	4/4
2	Emad Abdulrahman Abdulkarim Albutairi	✓	✓	✓	✓	4/4
3	Khalid Abdullah AlRumaih	✓	✓	✓	✓	4/4
Number of attendees in each meeting		3/3	3/3	3/3	3/3	-

Remunerations of the Investment Committee members

(unit: SAR)

	Name	Fixed remunerations recorded in the fiscal year 2022	Meeting attendance allowance	Total
1	Beshr Mohammed Bakheet	-	6,000	6,000
2	Emad Abdulrahman Abdulkarim Albutairi	-	6,000	6,000
3	Khalid Abdullah AlRumaih	-	6,000	6,000
Total		-	18,000	18,000

8-6 Brief about the members of the Committees from outside the Board:

	Name	Committee	Current Position	Previous Position	Qualifications	Experiences
1	Ahmad Abdullah Al-meghames	Audit Committee	Secretary General of the Saudi Organization for Auditors and Accountants (SOCPA)s	Assistant Professor - King Saud University	- Bachelor of Accounting - King Saud University. - MBA Accounting - University of Bridgeport. - Ph.D. in Business Administration and Accounting -	Over Twenty-five years of experience in the sector of accounting.

					University of Mississippi, USA - Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA)	
2	Sulayman Alsugair	Audit Committee	-	Head of Information and Communication Technology (CIO) Sector - Saudi Electricity Company Director of Planning and Information and Communication Technology Projects - Saudi Electricity Company Director of Information and Communication Technology Network Department - Saudi Electricity Company Director of Information and Communication Technology Operations and Services Department - Saudi Electricity Company Member of the Board of Directors - Dawiyat Communications Company	- bachelor's in computer science - Central Michigan University - MSc Computer Science Western Illinois University	Over Thirty-two years of experience in management and information technology
3	Felipe Montalban Cortijos	Risk Committee	Senior Risk Advisor at Alinma Bank	Chief Risk Officer and General Manager of Risk of Alinma Bank Regional Risk Manager, Central Region - Samba Financial Group	- Master of business Administration – Ateneo University, Philippines B.A. of Economy, and Finance - Xavier University (Ateneo de	Over Forty-seven years of experience in financial and risk management and in local and international banks.

					Cagayan), Philippines	
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8-7 Sharia Committee

The Shariah Committee is affiliated with the Board of Director, and it is considered an important committee in the company, supported by a dedicated technical and administrative staff to achieve its goal, and perform its work called (Secretariat of the Sharia Committee). The Shariah Committee is directly linked to the company's Board of Director, and Its work is concerned with examining and verifying compliance with the provisions of Islamic Sharia in all the company's transactions and activities, and Shariah control over its performance. In accordance with the Shariah control standards that it adopts, whether inside or outside the Kingdom of Saudi Arabia, with a statement of the Shariah rulings in that, and to enhance the company's participation in introducing the cooperative insurance industry and contributing to its development, by looking into all the company's transactions, including the company's financial statements before being approved by the Board of Directors, as well as the documents, products, contracts, agreements, forms and the like, accepted and issued what is required in this regard, such as periodic reports on the company's performance from a legal point of view, and announced them to the shareholders.

Sharia Committee in ATMC consists of the following members:

	Name	Classification
1	Abdullah bin Mohamed Al-Mottleq	Chairman of the Committee
2	Mohamed bin Ali Al-Qari	Member of the Committee
3	Yousef Abdullah Al-Shebili	Member of the Committee

9. Executive Management

9-1 The Company is managed by a specialized and experienced team presided over by the CEO for achieving the objectives of the Company and working on implementing the recommendations of the Board of directors. Brief summary of the Executive Management of the Company is as follows:

	Name	Current position	Previous Position	Qualifications	Experiences
1	Kentar o Kita	Chief Executive Officer (CEO)	Manager, International Business Development Department - Tokio Marine Holdings, Inc. Director - Tokio Marine Middle East Limited Treasurer and Chief Operating Officer - Tokio Marine Pacific Insurance Limited	B.A. of Economy, Keio University Master of Business Administration, Massachusetts Institute of Technology	Twenty-Seven years of experience in the insurance sector
2	Abdulla h Ali AlTuraik i	Chief of Human Capital and Support Services (CHCSS - Secretary of Nomination and	Head of Department, Human Resources Group in Al Rajhi Bank Branch Manager, Retail Banking Group in Al Rajhi Bank Head of Human Resources, Branches Network, Retail Banking Group in Al Rajhi Bank	Diploma in Human Resources Diploma in Commerce Diploma in English Language	Twenty-nine years of experience in the financial and

		Remunerations , Alinma Tokio Marine	Assistant General Manager, Human Capital Group in Alinma Bank Consultant of Human Resource, Alinma Tokio Marine Secretary of the Board, Alinma Tokio Marine		administrative sectors
3	Samer Ibrahim Abdulrhman Al-Jabhan	Chief Sales Officer (CSO)	Head of Brokers & International Partners -Tawuniya Insurance Company. Senior Manager, Key Brokers - Tawuniya Insurance Company. ACE Arabia Cooperative Insurance Co. - Riyadh Branch Manager Central Region Manager- ROYAL & SUNALLIANCE RSA. Central Region Manager - Chubb Cooperative Insurance Company	Bachelors of English Linguistics and Literature Faculty of Arts and Human Science, Language Department, King Abdulaziz University, Jeddah Saudi Arabia Institute of The Bahrain Institute of Banking and Finance	More than twenty-Five years of experience in the insurance sector.
4	Bander Suliman Ali Najjar	Chief Technical Officer (CTO)	Senior Head of Underwriting Department – Wataniya Insurance Company. Head of Underwriting Department - Wataniya Insurance Company. Director of Underwriting and Operations Department – Wataniya Insurance Company. Underwriting Manager - National Insurance Company	Dip CII – Chartered Insurance Institute Advanced diploma in BIBF – Bahrain Intermediate diploma in BIBF - Bahrain.	Twenty-Two years of experience in Underwriting and Insurance Operations
5	Siraj Omar Jamal	Chief Finance Officer (CFO) Secretary of the Executive Committee Secretary of the Investment Committee	Finance Director - Saudi Indian Company for Cooperative Insurance (Wafa). Finance Supervisor - Saudi Indian Company for Cooperative Insurance Wafa. Senior Risk Officer, Human Resources Manager / Acting - Al Ahli Takaful Company Accountant - Al Ahly Takaful Company Accountant - Saudi Students Association - British Columbia	Bachelor of Accounting - Umm Al-Qura University Master of Finance – Texas A&M University Health Insurance Diploma - LOMA	Fifteen years of experience in Finance and insurance sector

9-2 Benefits and remunerations given to the Board members, committees, and senior executives.

The annual remuneration is payable to the members of the Board of directors of Alinma Tokio Marine after obtaining the approval of the general assembly of the Company. In addition, the Company paid allowances for attending the meetings and relevant expenses applicable to the members of the Board and committees emerging therefrom. This is as per

the laws and regulations applicable in KSA. The Company also paid the entitlements of senior executives according to the terms of the employment contract.

10-1 Details about the remuneration-related policies of the Board members and mechanism of determining them:

The Saudi Companies Law provides for in Article (76) that "the total amount of remunerations, remunerations, financial benefits or benefits in kind obtained by a member of the Board does not exceed an amount of five hundred thousand Saudi riyals annually as per the controls developed by the competent authority."

The remuneration payable to the Chairman and the Directors of the Company, including the fees for attendance of Board and Committee meetings, is in line with the Article 19 of the Company's By-Laws.

10-2 Remunerations of Board Members:

The below table represents the actual remuneration paid to the Board members in 2022 related to 2021 and based on the General Assembly approval.

The fourth session of the Board of Directors, which began on June 9, 2021 (unit: SAR)

المكافآت الثابتة								
		Certain Amount	Allowance for attending the meeting of the Board	Total Allowance for attending the Committees Meeting	Benefits in Kind	Rumination for technical administrivia and Consulting works	Remuneration for chairman, Managing Director, or secretary, in case he is a BOD Member	Total
Independent Member								
1	Ali Suliman Alayed	300,000	18,000	21,000				339,000
2	Khalid Abdullah Alrumaih	200,000	18,000	10,500				228,500
3	Beshr Mohammed Bakheet	200,000	18,000	10,500				228,500
Total		700,000	54,000	42,000				796,000
Non-Executive Member								
4	Abdulmohsn Abdulaziz Alfares	200,000	18,000	9,000				227,000
5	Hironari Iwakuma	200,000	18,000	13,500				231,500
6	Abdullah Ali Alkhalifa	200,000	15,000	7,500				222,500
7	Satoshi Furuya	200,000	18,000	15,000				233,000
8	Emad Abdulrhman Albutari	200,000	15,000	10,500				225,500
Total		1,000,000	84,000	55,500				1,139,500

* The Company has not paid variable remunerations and End of service reward to Board members.

10-3 Senior Executives Remunerations:

The following table shows the remuneration paid to top five senior executives (including CEO and CFO) during the year 2022.

Positions of Senior Executives	Fixed Remunerations *				End of Service Benefits	Grand Total
	Salaries	Allowances	Benefits	Total		
Chief Executive Officer	677,652	462,360	0	1,140,012	237,503	1,377,515
Chief Financial Officer	309,958	143,958	0	453,916	64,925	518,841
Chief Human Capital & Support Services Officer	574,668	273,048	0	847,716	505,686	1,353,402
Chief Sales Officer	509,868	246,048	0	755,916	125,986	881,902
Chief Technical Officer	755,580	348,420	0	1,104,000	92,000	1,196,000
Total	2,827,726	1,473,834	0	4,301,560	944,070	5,245,630

* The Company has not paid variable remunerations to senior executives.

11. Internal Control System and Effectiveness thereof

The management is responsible for establishing and maintaining an adequate and effective system of internal controls for implementing strategies and policies as approved by the Board of Directors. The system of internal controls is based on what management considers to be appropriate for the company's activities, considering the materiality of the financial and other risks inherent in those activities and the relative costs and benefits of implementing specific controls. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and, as such, provides reasonable, but not absolute, assurance against material misstatement and loss. In addition, the General Assembly has formed an Audit Committee, which periodically reviews the reports submitted by the internal and external auditors. Such reports also include the evaluation of the effectiveness or otherwise of the internal controls. In view of the above, we believe that the company has a reasonably sound and effective system of internal controls in force, both in design and implementation. During the year, there have been no material observations in respect of the effectiveness of the internal control system and procedures of the company.

12. Subsidiaries

As required in terms of the CMA disclosure requirement of Article 90 paragraphs 22 and 23, the Company and the Board confirm that the Company has no subsidiaries and therefore no issued shares nor any debt instruments for any subsidiary.

13. Appointment of Auditors

The Company's General Assembly held on 12th May 2022 agreed to appointed Crowe Al Azem, Al Sudairy, Al Shaikh & Partners, and Alkharashi & CO.& Partners as joint external auditors of the Company's financial statements for the fiscal year ended 31st December 2022.

The Board has accepted all the recommendations of the Audit Committee relating to the appointment, and the determination of the remuneration of the external auditors. The Board of Directors has not recommended that the external auditors should be changed before their current term elapses.

14. Borrowing or Loans

As required in terms of the CMA disclosure requirement of Article 90 and paragraph 27, the Company and the Board confirms that it has no borrowing or loans outstanding at the end of the period and nor has it been required to make any payments against borrowings or loans during the period.

15. Related Parties

There are no transactions and contracts concluded by the Company through any of the members of the Board, CEO, CFO, or any other party having a material interest in such contracts. This is with the exception to the transactions and contracts referred to in Paragraph (17) and employment contracts of senior executives. It shall be taken into consideration that one of the conditions of such contracts is that it shall not grant any preferential benefits and insurance premiums shall be directly paid. Such contracts shall be presented to obtain the approval of the general assembly, therefore.

16. Financial Transactions of related Parties during the year are as follows:

Related Party	Interested Board Member	Relationship Nature	Transaction Nature	Term	Contract Amount(million)
Alinma Bank	Abdullah Ali Alkhalifa	Contractual relationship	Insurance	Year	Gross Written Premium SAR 52.9M
	Emad Abdulrahman Albutairi	Contractual relationship	Service contracts	Year	SAR 4.9M
Alinma Investment	Abdullah Ali Alkhalifa Emad Abdulrahman Albutairi	Contractual relationship	Investment agreement	Year	SAR 21.362 M
Tokio Marine & Nichido Fire Insurance Co.	Hironari Iwakuma Satoshi Furuya	Contractual relationship	Premiums – reinsurance agreement	Year	Reinsurance Premium SAR 4.204 M

17. Important Resolution of the Board during the Fiscal Year of 2022:

Amongst many the major Board resolutions/ approvals during the year were the following:

- CR Update/ Appointing representatives of the supervisory and regulatory.
- Give power to the CEO.
- Annual financial statements for the year 2021 and quarterly financial statements for the first, second, third quarter of 2022.
- Appointment of the External Auditors for 2022-2024
- Committees of Board Manual updated (Risk Management, Investment Committee, Renomination & Nomination Committee and Executive Committee).
- Policies updated (Risk Management, cybersecurity Charter, Investment of the company and Remuneration of Board, Committees and Executive Management).
- business plan for 2023 – 2025 updated.
- appointment of the Sharia Committee members until the end of the current Board session
- Signing MOU Non-Binding agreement with the Arabian Shield Cooperative Insurance Company to study the feasibility of merger and acquisition.

17-1 Notifying the Board Members of the proposals of the Shareholders:

The Board always realizes the rights of the shareholders and works towards protecting their rights to ensure fairness and equality between them. In this regard, all proposals and notes of the shareholders about the Company and its performance of business shall be taken into consideration. Moreover, the members of the Board shall be informed thereof and work on achieving the same. It shall be noted that, during 2022, there were no notices issued by the shareholders encouraging the Board to take any action.

17-2 Assessment of the performance of the Board and its Members and Committees:

The Nomination and Remuneration Committee assessed the performance of the Board and its members and committees after the end of the fiscal year of 2022.

18. General Assembly Meeting held in 2022

The General Assembly Meeting of the Company for the year 2022 was held on 12th May 2022, and we include the highlights of our key Agenda announced in Tadawul, and the summary of the General Assembly resolutions approved.

19. Requests of the Company associated with Shareholders' Record:

The number of the company's requests to the shareholders register	Request Date	Request Reason
1	12 May 2022	AGM
2	23 May 2022	AGM
3	23 May 2022	Corporate Action
4	02 June 2022	Corporate Action
5	10 Oct 2022	Dividend Entitlement
6	10 Oct 2022	Dividend Entitlement

As required in terms of the CMA disclosure requirements of Article 90, paragraph 32, during 2022, the Company made 6 requests on Tadawul for its shareholder database.

The above all being for the purpose of ensuring fulfilment of regulatory requirements and to better understand and serve our Shareholders' needs.

20. Policy of Profit Distribution

The Company intends to distribute dividends from its annual net profits to Shareholders, after payment of Zakat and applicable taxes to the Department of Zakat and Income Taxes, which will be calculated from the Company's net profit, after distributing the policyholders' surplus as per the surplus distribution policy of the Company and in accordance with article 70 of the Implementing Regulations.

The Ordinary General Assembly may also, upon the proposal of the Board, approve to withhold a percentage of the net profits to constitute an additional reserve and allocate it for purposes that contribute to consolidate the Company's financial position, increase its expansion potentials, and invest in the elements of its future success.

Any declaration of dividends will depend on the Company's financial position, the market condition, the general economic conditions, and other factors, including the availability of investment opportunities, reinvestment of dividends and the Company's need for cash and capital, as well as other legal and regulatory considerations to fulfil the contractual obligations of the Company. Dividends will be distributed in Saudi Riyals.

Although the Company intends to distribute dividends to its Shareholders, it does not guarantee any actual distribution of dividends in any year, nor does it guarantee the amount which will be distributed in any year in the future.

The dividends distribution is subject to certain limitations stipulated in Article 45 of the Company's By-laws and Article 70 of the SAMA Implementing Regulations, the Shareholder's profits shall be distributed as follows:

1. 20% of the net profits shall be withheld to form a statutory reserve. The Ordinary General Assembly may discontinue this withholding of the net profits when the said reserve reaches the entire paid-up capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, withhold an additional percentage of the annual net profits to form an additional reserve to be allocated for the purpose or specific purposes decided by the Ordinary General Assembly.
3. The balance shall be paid to the Shareholders as an initial payment of not less than 5% of the paid-up capital.
4. By resolution of the Board of Directors, periodic profits, deducted from the annual profits specified in point 3 above, may be distributed in accordance with applicable rules and regulations issued by the competent authorities.

The Company shall immediately inform the Capital Market Authority (the "CMA") of any resolutions or recommendations for distribution of profit. The profits, so proposed for the distribution shall be paid to the Shareholders at the place and time specified by the Board pursuant to the instructions issued by the Ministry of Commerce & Industry and subject to SAMA written approval.

21. Regulatory Penalties

21-1 Resolutions of Saudi Central Bank:

Violation Subject	Fiscal Year 2021		Fiscal Year 2022	
	Number of Executive Resolution	Total amount of Financial Penalties in SAR	Number of Executive Resolution	Total amount of Financial Penalties in SAR
Violation of the supervisory and controlling instructions of the Company	5	420,000	2	40,000
Violation of the instructions of SAMA Cyber security framework	-	-	3	500,000

21-2 Except for the above, there are no regulatory penalties imposed on the Company in 2022. The Board of directors have shown serious concerns and directed the management to prepare a detailed checklist for all the regulations and circulars issued and to ensure full compliance of the regulations to avoid any breaches hindering the performance of the Company.

22. Compliance with the Governance Regulations:

The Company is committed to, and is in full compliance with, the full adherence to the provisions of the SAMA Insurance Corporate Governance Regulations, as well as with that of the requirements of the Company's Code of Corporate Governance. The Company is also in compliance with the CMA Corporate Governance Regulations with the following exceptions:

	Article/ Paragraph no.	Article/ Paragraph Text	Reasons for Non-Implementation
1	Article 41(f) Assessment of Chairman of the Board	Assessment / The non-executive members of the Board conduct periodical assessment of the performance of Board Chairperson after taking the points of view of the executive members. The Board chairperson is not required to attend the discussion associated with the same. The strengths, weaknesses, and proposals of dealing with the same shall be determined in line with the interest of the Company.	The company has an approved policy and procedures for evaluating the board of directors and committees
2	Article (87) Social Responsibility	Social liability / the ordinary general assembly sets, based on the proposal of the Board, a policy ensuring the balance between the objectives thereof and those intended to be achieved by the society for developing the social and economic conditions of the society.	The Company works on developing the social contributions policy
3	Article (88) Social Initiatives	Initiative of social work / the Board sets the programs, determines the means necessary for offering the initiatives of the Company in the field of social work. The same includes the following: 1) Setting the measurement indicators linking the performance of the Company to the initiatives offered thereby in the social work field and comparing the same with other companies practicing similar activity. 2) Disclosing the objectives of social liability adopted by the Company as for the personnel thereof, raising their awareness and providing them with education regarding the same.	The executive management in coordination with the concerned authorities, such as Human Resources Development Fund and some universities, in supporting initiatives

		3) Disclosing the plans of social liability in the periodical reports relating to the activities of the Company. Developing awareness raising programs for the society and to define the corporate social responsibility.	
4	Article (95) Corporate Governance Committee	Formation of Corporate Governance Committee / In case the Board forms a committee specialized in corporate governance, it shall authorize it with the competencies established in Article (94) of these Regulations. The Committee shall monitor any issues associated with governance application, annually provide the Board at least with the reports and recommendations reached thereby.	Although the company does not have a corporate governance committee, the board of directors and its affiliated committees periodically monitor corporate governance.

23. Total benefits for employees

Benefits and compensation of employees are paid in accordance with the provisions of Saudi Labor Law. As of 31st December 2022, the accumulated balance for the end of service benefits amounted to SR 6.4 million.

24. Social Contributions of the Company

The Company is convinced of the importance of social contributions. Thus, the Company seeks to contribute to serving society in all fields. Consequently, in 2022, the Company participated in professional forums for investing in Saudi careers. A number of Saudi youths were employed in the different fields of the Company. Moreover, the Company cooperated with a number of Saudi universities to provide trainings to fresh graduates. Further, during the year, through various marketing campaigns, the company raise awareness of Protection and Savings insurance.

25. Additional declarations:

The Company confirms that:

- There are no loans, whether payable on demand or otherwise, and the company did not pay any amount in settlement of loans.
- There are no convertible debt instruments, options, warrants or similar rights issues granted by the Company during the year ended 31 December 2022.
- There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by the issuer.
- There is no interest in a class of voting shares held by persons other than ATMC's directors, senior executives and their relatives that have been notified to the Company of their holdings pursuant to Article 45 of the Listing Rules.
- There is no redemption or purchase, or cancellation by the company of any redeemable debt instruments or the amount of such securities outstanding.
- The Company's directors, senior executives, and their relatives (spouse, children, and parents) do not have any interest in the contractually based securities, and subscription rights in the shares or debt instruments of the Company.
- The company did not enter into any business or contract in which a director of the company, the CEO, the CFO or any person related to any of them is or was interested except for the ones mentioned in clause 16.
- There have been no instances of any arrangements or agreements under which any director or senior executive has waived any emolument or compensation.

- There have been no instances of any arrangements or agreements under which any shareholder has waived any rights to any dividends.
- There has been no conflict with audit committee recommendations with board resolution or those which the board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor.
- The Company does not maintain any treasury shares.

26. Declarations:

We the Board of directors declares the following:

- As required in terms of the CMA disclosure requirement of Article 90, paragraph 39, point a), and as required by Saudi Arabian insurance regulations, the Company, and the Board, confirms that proper books of account have been maintained and that it maintains separate accounts for each of Insurance Operations and Shareholder Operations, and can confirm that it has maintained proper accounting records during the financial year.
- As required in terms of the CMA disclosure requirement of Article 90, paragraph 39, point b), the Company, the Audit Committee, and the Board confirms the system of internal control is sound in design and has been effectively implemented.
- As required in terms of the CMA disclosure requirement of Article 90, paragraph 39, point c), the Company, and the Board, confirm there are no significant doubts about the Company's ability to continue as a going concern.

We would like to thank the shareholders of the Company for the confidence they have reflected in us. We also appreciate the valued support and guidance provided by the regulators. We would also express our sincere thanks to the employees, strategic partners, vendors, bankers, and customers for their support in pursuit of our corporate objectives.

Best Regards,

Board of Directors