

تكاافل الراجحي
AlRajhi Takaful



Annual Report

2023



3485 8450 Al Thoumamah Rd
Ar Rabi, Riyadh 13316, Saudi Arabia
www.alrajhitakaful.com
info@alrajhitakaful.com

Table of Contents



Company Overview: Al Rajhi Takaful

1	p. 7	Our Mission, Vision & Values
	p. 11	Key Highlights



Leadership

2	p. 15	Chairman's Foreword
	p. 17	CEO Message
	p. 21	BOD Members
	p. 25	Executive Management



Strategic Report

3	p. 31	Macroeconomic Overview	p. 73	General Insurance
	p. 37	Strategy	p. 77	Life Insurance
	p. 41	Risk Management	p. 80	Actuarial Department
	p. 53	Review of Business Activities	p. 81	2023 Financial Performance Review
	p. 63	Operational Review	p. 85	Human Capital
	p. 67	Motor Insurance	p. 91	Sustainability
	p. 71	Health Insurance		



Governance

4	p. 101	Corporate Governance
----------	---------------	----------------------

01

Company Overview

Our Mission, Vision & Values **7**

Key Highlights **11**





COMPANY OVERVIEW: AL RAJHI TAKAFUL

Al Rajhi Takaful, a premier insurance provider in Saudi Arabia, has established itself as a leader in Shariah-compliant insurance solutions.

The company was founded under Royal Decree No. R/35 on 27/06/1429 AH (01/07/2008 AD) and Ministerial Resolution No. 182. With an initial paid-up capital of 200 million Saudi riyals, Al Rajhi Takaful demonstrated significant growth, increasing its capital to 400 million Saudi riyals by 2015, and subsequently to 1 billion Saudi Riyals in 2023. Registered in Riyadh with the Commercial Register No. 1010270371, the company commenced operations on 28/06/2009 AD.

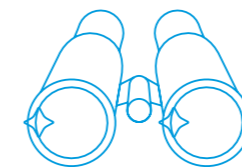
Al Rajhi Takaful operates under the authorisation of the Saudi Central Bank, holding license No. T N M/22/200911, dated 29/11/1430 AH - 17/11/2009 AD. This solid foundation has positioned Al Rajhi Takaful as a cornerstone in the Saudi insurance landscape. It is known for its adherence to Islamic financial principles and commitment to providing innovative insurance solutions.



OUR MISSION

We are committed to delivering unparalleled protection through reliable, affordable, innovative insurance solutions.

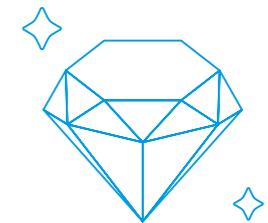
Our mission is to ensure our clients' peace of mind and security, establishing ourselves as a dependable pillar in the insurance landscape and continuously adapting to meet and exceed diverse client needs.



OUR VISION

Our vision is to redefine the insurance industry in the Kingdom, blending traditional values with modern innovation.

We aim to lead with cultural integrity and progressive strategies, setting new benchmarks for excellence and customer service in the insurance sector while upholding the highest standards of Shariah compliance.



OUR VALUES

Our values focus on market leadership through customer-centric innovation and superior service.

We prioritise understanding and fulfilling client needs, fostering trust and reliability. Our unified team innovates while respecting cultural and ethical norms, ensuring we lead in the dynamic insurance landscape and align with community standards and expectations.

Company Overview



INNOVATIVE INSURANCE SOLUTIONS AND SERVICES

Over the years, Al Rajhi Takaful has diversified its offerings, catering to various insurance needs in the Saudi market. From vehicle to health and property to personal injury insurance, the company has been at the forefront of providing comprehensive protection and savings solutions. Notably, Al Rajhi Takaful extends its services to individuals, SMEs, and the corporate sector, continually innovating and renewing its product line to stay ahead in the market.



COMMITMENT TO EXCELLENCE AND CUSTOMER CARE

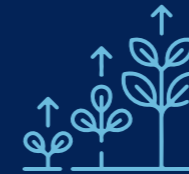
Al Rajhi Takaful prides itself on its adherence to Islamic principles and values, ensuring excellence in customer care in all its operations. This commitment is reflected in the company's vision of "Reinventing insurance for the Kingdom" and its mission to offer protection through reliable, affordable, and innovative solutions. The company's focus on modular, customer-centric products, combined with operational excellence and leading customer service, demonstrates its dedication to meeting the evolving needs of its clients.



DIGITAL TRANSFORMATION AND ALIGNMENT WITH VISION 2030

A pivotal aspect of Al Rajhi Takaful's strategy is its robust digital transformation, fostering continuous engagement, and maximising digitisation and automation to improve service delivery.

Company Overview



Consistent growth

Al Rajhi Takaful has shown consistent growth in top and bottom line figures, with a growing market share in the insurance sector.



Going Digital

The Company has embraced digitalisation to drastically reduce key times, such as claims approvals and policy acceptance, and will continue to automate key activities.



Strong Financials

Al Rajhi Takaful continues to hold a strong balance sheet, with very positive cash flow figures and a strong book of business to maintain their position.



Industry Pioneers

The Company has pioneered the Protection and Savings market, capturing 29.4% in 9M 2023 of market share, and continues to lead the way with new, innovative, customer-centric products, whilst maintaining its core Islamic principles.



Capturing Market share across all segments

Al Rajhi Takaful continues to lead the Motor Insurance market and Protection and Savings sector, and is gaining market share year-on-year in Health and General insurance.



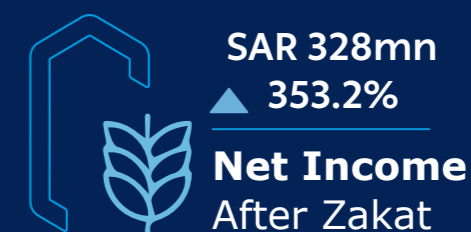
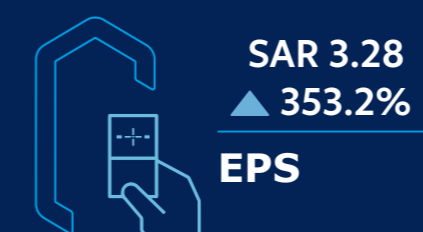
Growing Market in line with Vision 2030

The expansion of the insurance sector as the local economy grows puts the Company in a prime position to capitalise. It has already captured significant share in the travel insurance sector as the Kingdom welcomes more tourists and pilgrims.

Key Highlights

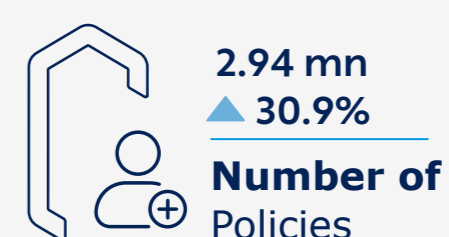
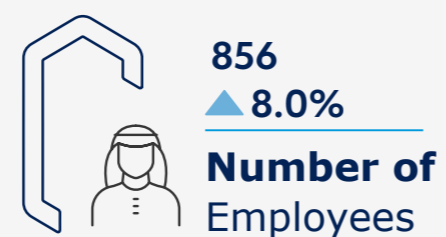
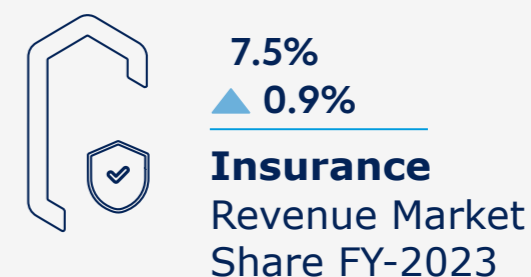
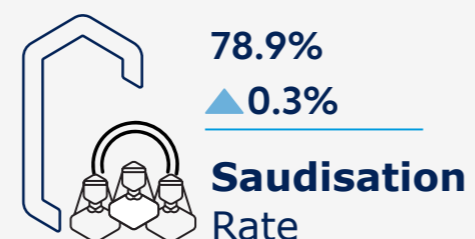


Financial Results



*The investment income includes SAR 114m (2022: -12m) related to the unit holders fund return.

Non-Financial Results



Leadership

02

Chairman's Foreword	15
CEO Message	17
BOD Members	21
Executive Management	25



Chairman's Foreword

**Abdullah
Bin Sulaiman Al Rajhi**



Developing and Innovating through Our Heritage and Leadership

Our narrative at Al Rajhi Takaful is one of ambition and growth, deeply rooted in our rich Saudi heritage and founded on a vision that underscores the critical importance of insurance in the global economy and its pivotal role in bolstering our national economy. Under the wise guidance of our leadership, may Allah protect them, we are achieving growth rates among the highest globally. We strive to embody innovation and customer-centricity as benchmarks of our success. Our path features integrated strategic planning, maintaining our authentic values, and adapting to the dynamic market, alongside diversifying our offerings to meet various insurance needs, including health, motor, protection and savings, and property insurance, while enhancing services for individuals, SMEs, and corporates within our digital transformation agenda.

This report details our journey, achievements, and commitment to Saudi's Vision 2030 goals. It is an honor to present Al Rajhi Takaful Company's annual report for 2023, showcasing strategic growth and a dedication to quality and innovation, reinforcing our continuous growth and adaptability to challenges.

In line with Vision 2030, we aligned with the Insurance Authority's goals through a digital transformation strategy that enriches customer experiences and broadens our product spectrum. Leveraging technology has transformed customer interactions and our ability to fulfill their aspirations, thus boosting operational efficiency and service excellence.

During the transition to the Insurance Authority from the Saudi Arabian Monetary Authority (SAMA), we maintained our commitment to operational excellence and regulatory compliance, enhancing customer service and infrastructure investment, which is crucial for adapting to the evolving insurance sector, through our digital transformation program.

The advent of the National Platform for Health and Insurance Exchange Services (NPHIES) heralds a landmark development in the healthcare and insurance domains. This unified platform, orchestrated by the Cooperative Health Insurance Council (CHI) and the National Center for Health Information (NHIC), managed by SEHATI Company, streamlines health information exchange and facilitates seamless financial and health data sharing between healthcare providers and insurers. On the other hand, our proactive response to regulatory dynamics across all sectors exemplifies our adaptability and innovation. We are distinguished by our meticulously crafted compulsory marine insurance product alongside our diverse non-compulsory offerings, bolstering our market leadership which harmonizes with the Kingdom's evolving regulatory framework.

Our digital transformation, initiated in 2023, continues to improve our service spectrum, enhancing customer interactions and operational efficiency. Meticulously crafted innovative product introductions in various segments have continued to ensure we align with Vision 2030's strategic goals.

Looking forward to 2024, we remain committed to growth, innovation, and excellence, leveraging digital engagement channels and offering new, secure products and services.

Our achievements and ongoing development affirm Al Rajhi Takaful's bright future and leadership in insurance, supporting Vision 2030. I would like to express my deepest thanks to the regulatory bodies for their continued support of the insurance sector's business and services. In addition, my heartfelt thanks go to the trust and unwavering support of our esteemed shareholders, our cherished clients' steadfast loyalty, and our exemplary workforce's unparalleled dedication. We are looking forward to another successful year in the insurance realm.

CEO Message

Saud Ghonem
Bin Ghonem

GWP
SAR 6,023 Mn

+74%

Motor GWP
SAR 2,800 Mn

+63%



PIONEERING THE FUTURE OF INSURANCE WITH AL RAJHI TAKAFUL

As we turn the pages to a new chapter in Al Rajhi Takaful's illustrious history, I am thrilled to recount the transformative journey we embarked upon in 2023.

It is with great honor and a sense of profound achievement that I share the strides our company has made towards becoming a beacon of excellence and diversification in the insurance sector within the Kingdom of Saudi Arabia. This remarkable year was marked by unprecedented financial success, aligning seamlessly with the Kingdom's Vision 2030. Furthermore, our strides in enhancing our digital footprint have set a new standard in the industry, reflecting our commitment to innovation and excellence in service.

Central to our accomplishments in 2023 has been our commitment to digital transformation and customer experience. We have embraced digitalization across all aspects of our business, from underwriting to customer service, fundamentally transforming how we interact with and serve our clients. This digital leap has been pivotal in enhancing our operational efficiency, improving customer engagement, and streamlining our processes.

In our pursuit to meet our clients' diverse needs, we have continued to innovate and expand our product portfolio. This includes comprehensive coverage options. In 2023, Al Rajhi Takaful focused on strengthening its position across various insurance sectors. A remarkable growth of 73.6% was achieved in gross written premiums, which amounted to more than 6 billion Saudi riyals. Confirming our leadership in the auto insurance sector, gross written premiums reached 2,800 million Saudi riyals, an increase of 62.6% year on year. On the other hand, protection and savings insurance achieved outstanding



Customer base
has increased by

+26%

2.5 Million

growth of 117%, with the value of total written premiums reaching 1,140 million Saudi riyals. The value of gross written premiums for general insurance also increased to 918 million Saudi riyals, an increase of 65.1%.

As for health insurance, our efforts focused on developing a pioneering health care program, which contributed to the rise in the value of gross written premiums to 1,164 million Saudi riyals, an increase of 74.7% on the previous year. In this context, we always seek to participate in supporting the health sector, while developing customer-focused solutions, and providing comprehensive coverage that meets our customers' current and future needs. We are also working to enhance digitization and expand strategic partnerships. By applying this approach, we were able to offer new and integrated products, providing our customers with a great deal of flexibility in the areas of health insurance, vehicles, protection and savings, and property, in addition to benefiting from promising opportunities in the marine insurance market, and other products that meet our customers' requirements, including individuals,

companies, and small and medium enterprises. This is all being done while we continue to focus on profitability, excellence in customer service, product development, and expanding distribution channels

Customer centricity remains at the heart of our operations. We have enhanced and improved our pricing structures, making our offerings more accessible and attractive to a broader customer base. Our efforts in this area have been guided by a continuous evolution mindset, ensuring our services remain relevant and competitive in a rapidly changing market.

After a regulatory shift away from the Saudi Central Bank to the newly established Insurance Authority, we ensured regulatory compliance through active participation in the development of our sector, and by investing in the positive effects of this transformation by developing and diversifying our products through innovation, modern technology and providing strategic product offers and value-added services, while keeping up with the latest industry trends.

Financially, 2023 was a record-breaking year for Al Rajhi Takaful, during which we achieved - praise be to God - a 44.4% growth in insurance revenues, reaching 4,236 million Saudi riyals. In addition, net income after zakat increased by 353% to reach 328 million Saudi riyals. To keep pace with future growth expectations and development plans, the company's capital was increased from 400 million Saudi riyals to 1 billion Saudi riyals. This exceptional performance reflects the confidence of our customers and stakeholders, and confirms the soundness of the strategic direction and planning, and will hopefully herald further success going forward, God willing.

Behind every achievement and success, there are distinguished and creative human resources. They play

a crucial role in delivering high-end services, attracting more customers, and improving our competitive position. Their presence reflects the confidence of our customers and stakeholders, validates the soundness of our strategic direction and planning, and signals more successes in the future. Recognizing the importance of human capital, we have initiated a graduate development program set to launch in 2024. Investing in the next generation of talent is critical to sustaining our growth and maintaining our competitive edge.

Looking ahead to 2024, we are poised to reap the benefits of our ongoing digital and IT transformation. Our focus will continue to be on enhancing customer experience, expanding our protection and savings offerings, and introducing new products tailored to the needs of all customer segments. As we embark on this journey, we remain committed to our role as a catalyst for economic growth and a leader in the insurance industry.

As we look to continue on the same path, we look forward to a bright and prosperous future, in which we strengthen our market-leading position, and take an active role in helping to achieve the goals of Saudi's Vision 2030. In conclusion, I would like to express my sincere thanks and appreciation to Their Excellencies, the Chairman and members of the Board of Directors for their continued support, in addition to our esteemed shareholders and customers for their precious trust, with the utmost appreciation and gratitude to the company's employees for their dedication, generosity and excellence. We set out together, with God's help and success, to a bright new year full of achievements.



BOD Members



Chairman - Non-executive

Abdullah Bin Sulaiman Al Rajhi

Nationality

- Saudi national

He currently holds several positions:

- Chairman of the Board of Directors of Al Rajhi Takaful
- Chairman of the Board of Directors of Al-Rajhi Bank
- Chairman of the Board of Directors of Al-Rajhi Capital
- Chairman of the Board of Directors of Farabi Petrochemicals Company
- Chairman of the Board of Directors of Al-Rajhi Holding Group Company

Prior to that he held several positions in Al-Rajhi Bank:

- CEO and Managing Director
- CEO
- General Manager

Holds BA of Business Administration from King Abdulaziz University, Kingdom of Saudi Arabia.



Board member - Non-executive

Waleed bin Abdullah Al Mogbel

Nationality

- Saudi national

He currently holds several positions

- Member of the Board of Directors
- Managing Director and CEO of Al Rajhi Bank

Prior to that he held several positions in Al-Rajhi Bank:

- Head of Operations – Al Rajhi Bank
- Head of the Financial Group – Al Rajhi Bank

- Bachelor's Degree in Accounting from King Saud University in the Kingdom of Saudi Arabia, in 1995
- Master Degree in Financial Accounting from the University of Southampton in the United Kingdom, in 2003
- Ph.D. Degree in Accounting and Auditing from Cardiff University, in the United Kingdom in 2006

Vice Chairman - Non-executive

Saud bin Abdullah Al Rajhi

Nationality

- Saudi national

He currently holds several positions

- Vice Chairman of the Board of Directors
- Managing Director of Takatuf Holding Group Company
- Chairman of the Board of Directors of IIB Management Company in Singapore
- Member of the Board of Directors of Al Fursan Travel Company
- Chairman of the Board of Directors Al-Tawfiq for Plastic Industries & Woven Sacks Ltd
- Chairman of the Board of Directors of the Saudi Event Management & Marketing Company
- Chairman of the Board of Directors of the Kafef Organization in Riyadh

Prior to that he held several positions

- Director of the Mada Textile Factory Project
- Financial Director for the Industrial Department of Al-Rajhi Holding Group Company.



Bachelor's Degree in Financial Management from the American University in the United Arab Emirates in 2017

Board member - Non-executive

Ahmed Samer bin Hamdi Al Zaeem

Nationality

- Saudi national

He currently holds several positions

- Member of the Board of Directors
- Chairman of the Saudi Company for the Manufacture of Telephone Cables
- Vice Chairman of the Board of Directors of Seera Holding Group
- Vice chairman of the board of directors of Lumi Rental Company
- Member of the Board of Directors of the Riyadh Cables Group Company
- Chairman of the Board of Directors of the Saudi Modern Company for Metals, Cables, and Plastic

Prior to that he held several positions

- Member of the Industrial Committee at Riyadh Chamber of Commerce



Holds a Bachelor's Degree in Public Administration from the American University in Lebanon in 1987

Bachelor's Degree in Economics from the State University of New York, in the United States of America in 1992

BOD Members



Board member - Independent

Ali bin Hadi Al Mansour

Nationality

- Saudi national

He currently holds several positions

- Member of the Board of Directors
- Executive Director of AlAwal Invest Company

Prior to that he held several positions

- Chief Executive Officer of Al-Ra'idah Investment Company
- Investment Management Consultant at Jadwa Investment Company and Head of Portfolio Management at Saudi Aramco. Qualifications and experience

Bachelor's Degree in Finance from the University of North California in the United States of America in 2002

Master's Degree in Business Administration from King Fahd University of Petroleum and Minerals in the Kingdom of Saudi Arabia in 2008



Board member – Independent

Nabil bin Ali Shoaib

Nationality

- Saudi national

He currently holds several positions

- Member of the Board of Directors
- Member of the Audit Committee at the National Finance Company

Prior to that he held several positions

- Member of the board of directors in both SABB Takaful and the Saudi Credit Information Company (SIMAH)
- one of his most prominent professional positions was the Managing Director of HSBC Amanah (Islamic Banking)
- General Manager of Internal Audit at SABB Bank
- Chief Operating Officer and Executive Vice President of HSBC Saudi Arabia
- General Secretary at SABB Bank.

Holds a general certification of Education from London in 1980

Board member – Independent

Muhannad bin Kusai Al-Azzawi

Nationality

- Saudi national

He currently holds several positions

- Member of the Board of Directors
- Chairman of the board of directors Merrill Lynch KSA
- Chairman of the board of directors Binladin International Holding Group
- Chairman of the board of directors Construction Products Holding Company
- Member of the board of directors Taiba Investments
- Member of the board of directors Gulf International Bank
- Member of the board of directors General Authority of Civil Aviation
- Member of the board of directors Saudi Contractors Authority
- Member of the board of directors Saudi Golf Federation
- Member of the board of directors Golf Saudi Company



Bachelor's Degree in Engineering from King Saud University in The Kingdom of Saudi Arabia in 1993

Board member - Non-executive

Naif bin Abdullah Al Rajhi

Nationality

- Saudi national

He currently holds several positions

- Member of the Board of Directors
- CEO of Fursan Travel Company, General Manager
- Vice-Chairman of the Board of Directors of Digital Trip Ltd Company
- Board of Directors member of Takatuf Holding Company, Fursan Travel, Farabi Petrochemicals Company and Saudi Event Management & Marketing Company (SEMARK), and Marami food Industries Company
- the Vice Chairman of Board of Directors in the Riyadh Chamber
- Chairman of the Tourism Committee in the Riyadh Chamber
- Chairman of the Tourism committee of the council of SaudiChamber



Holds a Bachelor's Degree in Public Administration from the American University in Lebanon in 1987

Bachelor's Degree in Economics from the State University of New York, in the United States of America in 1992

Executive Management



Saud Ghonem bin Ghonem

Chief Executive Officer (CEO)

Qualifications

- Master's Degree in Business Administration (MBA) from the University of Akron, United States of America
- Bachelor's Degree in Financial Management from King Saud University

Experience

- More than 23 years of experience
- Held several leading positions throughout his career. The most recent position was CEO of Emkan Finance



Muhammad Imran Bashir

Acting Chief Financial Officer

Qualifications

- Bachelor of Commerce Degree from the University of the Punjab, Pakistan
- Certified Management Accountant (CMA) from the Institute of Management Accountants, USA
- Chartered Accountant (Affiliate) from the institute of chartered accountants of Pakistan

Experience

- Most recent roles are Head of Financial Planning and Analysis in RSA insurance and in Deloitte as assurance member



Ahmed Alkanani

Chief Motor & Life Officer

Qualifications

- Bachelor of Science (BS) in Finance from King Fahd University of Petroleum & Minerals

Experience

- 10 years of professional experience
- Most recent positions Chief of Corporate Development Officer, Head of strategy Management office, Head of Strategic Planning & Execution.
- Concentrated practices in Insurance (life and non-life)
- Management Consulting, Financial Advisory, and Retail Banking



Turkey Almigbal

Chief Health Officer

Qualifications

- Bachelor's Degree in Medicine and Surgery with Honors from King Saud University
- Saudi and Arab Board of Family Medicine
- Clinical Fellowship in Diabetes and Chronic Diseases from Monash University
- MBA in International Healthcare Management from Frankfurt School of Finance and Management, Germany

Experience

- Over 16 years of extensive administrative experience in both government and private sectors.



Tahir Masaud

Chief General Insurance Officer

Qualifications

- Master of Business Administration (MBA) from Lahore University of Management Sciences (LUMS), Pakistan
- Master of Computer Science from Lahore University of Management Sciences, Pakistan
- Alumnus of IMD Switzerland, completed Management Development Program in 2017

Experience

- Over 25 years of experience in the insurance industry
- Held various positions at NPA Insurance in London, Insurance Limited, Allianz EFU, and Premier Insurance in Pakistan
- Most recent position was Managing Director of IGI Insurance Limited

Executive Management



Abdullah Alsarheed

Chief Sales Officer

Qualifications

- Honors Bachelor's Degree of Commerce from Laurentian University

Experience

- 12 years of professional experience
- Held various positions, with the most recent being Head of Bancassurance at Al Rajhi Bank.



Salem Alqahtani

Chief Technology Officer (CTO)

Qualifications

- Master of Science in Telecommunications from University of Colorado
- Master's Degree in Engineering Management

Experience

- 22 years of professional experience
- Held various positions with the most recent being Senior Director – Command Center and Service Management at Al Rajhi Bank.



Mohammed Alromaih

Chief Digital Officer

Qualifications

- Bachelor's Degree in Information Systems from the College of Computer Science, King Saud University

Experience

- 13 years of professional experience
- Held several positions, with the most recent being Acting Director of Digital Services and Governance at Al Rajhi Bank.



Ibrahim Al-Howish

Chief of Human Capital & Corporate Affairs Officer

Qualifications

- Executive Master of Business Administration from Prince Mohammed bin Salman College

Experience

- Over 11 years of extensive practical experience in human resources management
- Diverse background with experience in various sectors including insurance, telecommunications, railways, airports, and banking



Mohammad AlRamel

Chief Risk Officer

Qualifications

- Bachelor's Degree of Science in Finance from King Fahd University of Petroleum and Minerals

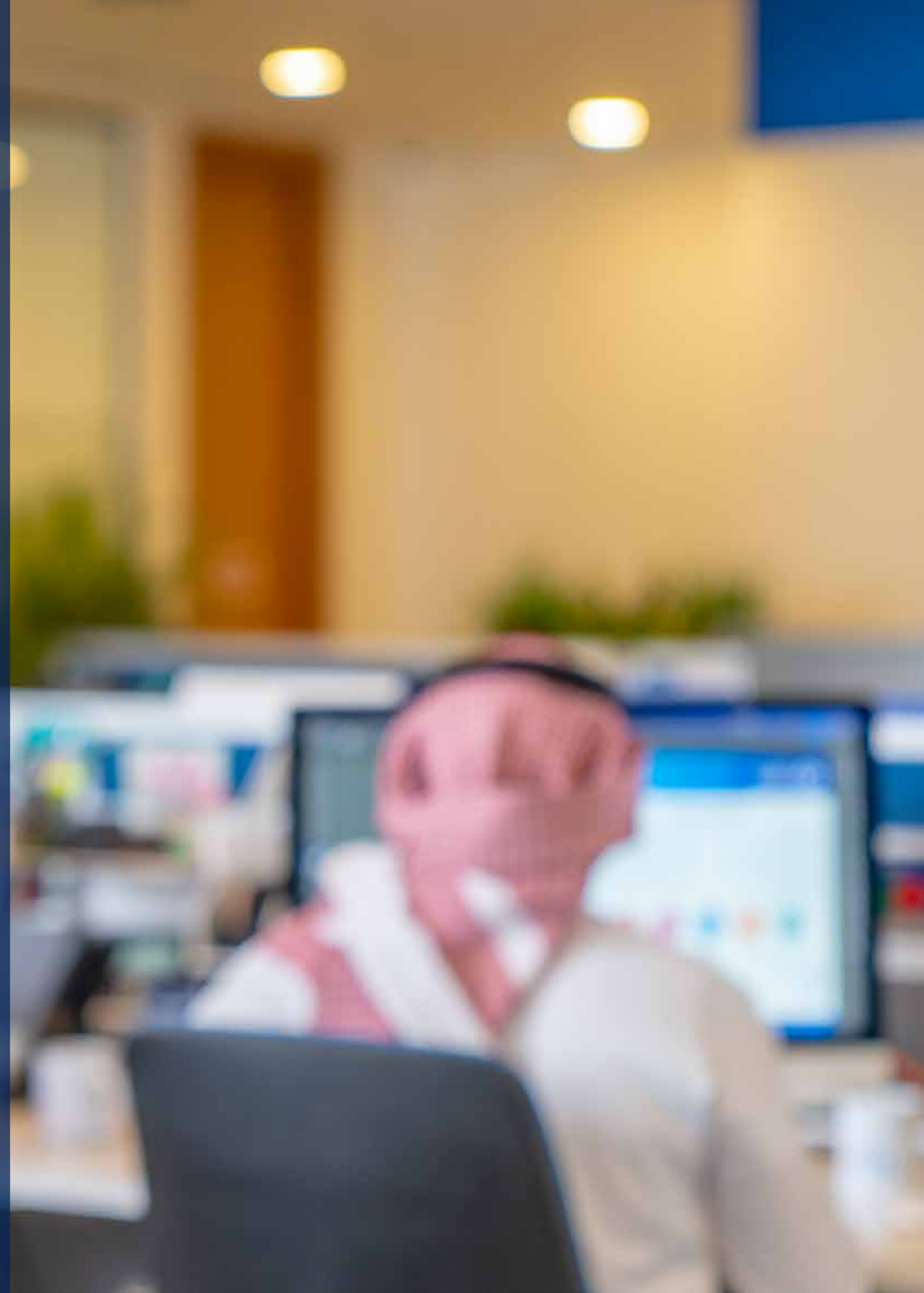
Experience

- 15 years of professional experience
- Held various positions, with the most recent being Director of Risk Management Department at Bupa Arabia for Cooperative Insurance.

Strategic Report

03

Macroeconomic Overview	31
Strategy	37
Risk Management	41
Review of Business Activities	53
Operational Review	63
Motor Insurance	67
Health Insurance	71
General Insurance	73
Life Insurance	77
Actuarial Department	80
2023 Financial Performance Review	81
Human Capital	85
Sustainability	91



Macroeconomic Overview

رؤية VISION 2030 المملكة العربية السعودية KINGDOM OF SAUDI ARABIA

The remarkable economic activity of the Kingdom was fueled by proactive, structural and fiscal reforms enacted as part of its ambitious **Vision 2030 strategy**.

This comprehensive approach laid a solid groundwork for economic diversification and sustainable growth in non-oil sectors, positioning the country for continued prosperity in the medium term, whilst creating greater societal openness and connectivity.

In 2023, Saudi Arabia's real gross domestic product (GDP) witnessed a decline of 0.9% year-on-year, according to data released by the General Authority for Statistics (GASTAT).

This downturn in the GDP is primarily attributed to a significant decrease in oil activities, which fell by 9.2% compared to the previous year.

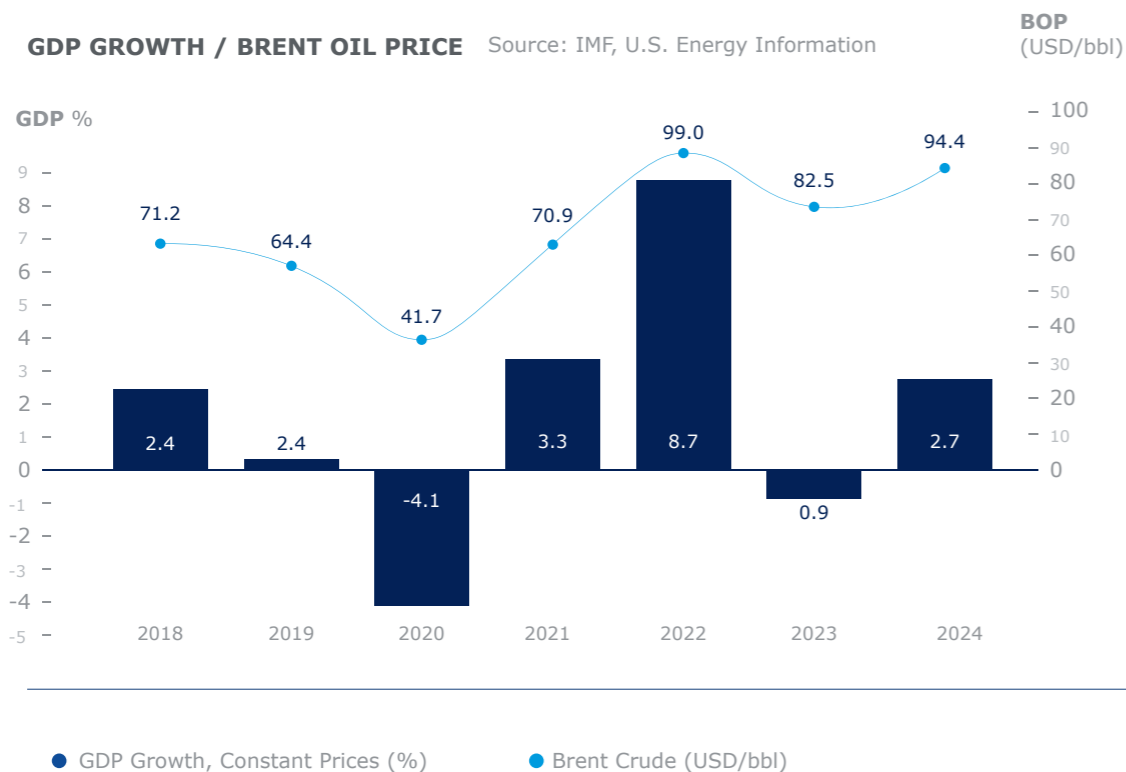
However, it is worth highlighting that this decline was partially offset by positive developments in other sectors; non-oil activities, which include a wide range of industries outside the oil sector, saw a growth of 4.6%, and government activities experienced a rise of 2.1%.

Macroeconomic Overview

In the 2023 macroeconomic overview, Saudi Arabia witnessed notable trends and developments that substantially impacted business operations.

The Kingdom remained a centre for increased foreign investment inflows through the initiatives outlined in the Vision 2030 Program and the introduction of fresh investment prospects across various sectors. Vision 2030 flagship projects like AMAALA, Green Riyadh, NEOM, Qiddiya, RO-SHN, and The Red Sea project continued to drive significant economic, social, technological, and cultural diversification efforts on a grand scale throughout the year. In addition, efforts to attract investments in non-oil sectors shifted focus to a broad range of industries, including Aerospace and Defence, Transport and Logistics, Food and Agriculture, Metals and Mining, Utilities and Renewables, Consumer Goods and Retail, as well as Financial Services.

The public sector demonstrated ongoing agility by aligning with global labour market requirements for competence and productivity. This was facilitated by the swift adoption of digitalization in service delivery, fostering a skilled labour force and enhancing the attractiveness of partnerships with the private sector.



2.7%

IMF forecast of GDP growth in 2024

6.7%

Increase in Consumer Spending in 2023

The Public Investment Fund (PIF) and the National Development Fund (NDF), as integral financial entities of the government, remained pivotal in facilitating such significant economic reforms. This included supporting Hajj, Umrah, the Saudi Seasons, and overall tourism activities.

These factors collectively influenced the Company's strategies and performance, requiring agility and adaptation to maintain growth and market presence. Al Rajhi Takaful's performance and strategies were aligned with broader economic trends, demonstrating resilience and strategic foresight in a challenging and dynamic environment. As the Company reflects on 2023, it is crucial to consider its performance within the broader macroeconomic landscape of Saudi Arabia. The economic environment has been characterised by notable developments impacting not just the business, but the broader insurance sector.

The insurance sector in this context had to navigate these economic trends, balancing the impact of regulatory changes, competitive market dynamics, and evolving consumer behaviours.

ECONOMIC GROWTH AND BUSINESS ACTIVITY

In the Saudi Purchasing Managers' Index™ (PMI®) report for December, S&P Global, a prominent global provider of credit ratings, benchmarks, and analytics, observed a rising headline index of 57.5, indicating significant expansion in the Kingdom's non-oil private sector economy. The growth was supported by robust increases in output and new orders, with companies also ramping up their purchasing activity. This environment has been conducive for Al Rajhi Takaful, enabling the Company to capitalise on the growing market demand.

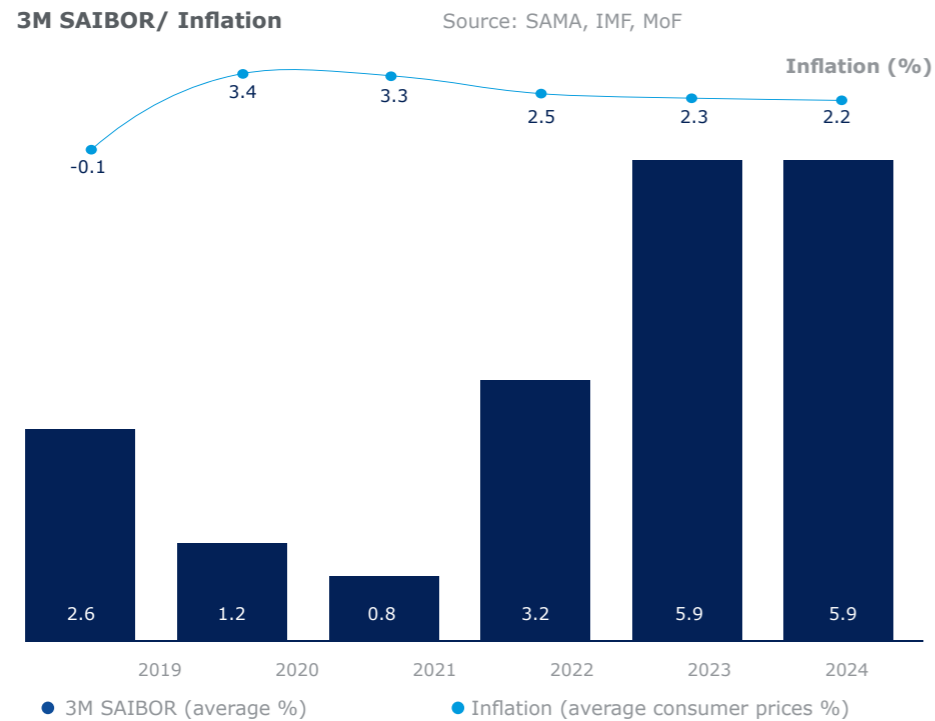
CONSUMER SPENDING AND FINANCIAL STABILITY

Over the course of 2023, the Saudi Arabian government, in collaboration with the Ministry of Finance and the Saudi Central Bank (SAMA), implemented various measures to mitigate inflation. These actions included limiting energy prices, and maintaining fiscal discipline. These efforts enabled the Kingdom to manage local inflation despite global inflationary pressures which resulted in moderate inflation with consumer prices increasing by 1.5% year-on-year in December.

Macroeconomic Overview

The average inflation rate for the year stood at 2.3% and is expected to remain moderate in 2024. Such stability often translates to regular consumer spending habits as consumer spending witnessed an increase of 6.7% in 2023 compared to the previous year, potentially boosting the demand for various insurance products, including life, health, and property

insurance. These economic indicators will be crucial for pricing strategies in the insurance sector; Al Rajhi Takaful's strategic adaptations to these economic conditions underscore the importance of agility and foresight in the insurance industry. The Company's alignment with broader economic trends demonstrates its flexibility and strategic planning capabilities.



LABOR MARKET DYNAMICS

In 2023, the Kingdom's efforts to increase Saudisation progressed steadily, with a notable integration of more women into the workforce. Recent data from the National Labour Observatory showed that the Kingdom ranked first in labor force growth rate among G20 nations from 2012 to 2021, underscoring the effectiveness of these initiatives.

As per the data from the General Authority for Statistics, the unemployment rate among Saudi citizens rose marginally to 8.6% in the third quarter of 2023, up from 8.3% in the previous quarter. This rate shows a decrease of 1.3% compared to the third quarter of 2022.

OIL MARKET

The oil market has a complex landscape to navigate in 2024. While prices held relatively steady around \$83/bbl in 2023, exceeding pre-pandemic levels, geopolitical tensions and supply constraints also meant they were susceptible to volatility. Despite expected economic slowdowns in the short term, global oil

demand is expected to hit a record high, fuelled by recovering economies and growing transportation needs.

OPEC+ production cuts and a US shale slowdown have kept supply tight, and were also further impacted by the geopolitical environment, signalling a higher price sensitivity, with long-term trends toward higher oil prices in 2024. This is expected to benefit the wider economy as a whole and the insurance sector indirectly.

NAVIGATING REGULATORY CHANGES IN THE SAUDI INSURANCE SECTOR

In 2023, the insurance sector in Saudi Arabia, including Al Rajhi Takaful, navigated significant regulatory changes, most notably the transition from the Saudi Arabian Monetary Authority (SAMA) to the newly established Insurance Authority. This shift represented a major regulatory realignment in the sector, necessitating adaptations to frequent regulatory updates and changes.

The economic outlook for Saudi Arabia is promising, especially in specific sectors. The International Monetary Fund (IMF) has positively revised its forecasts for the country's GDP growth. For

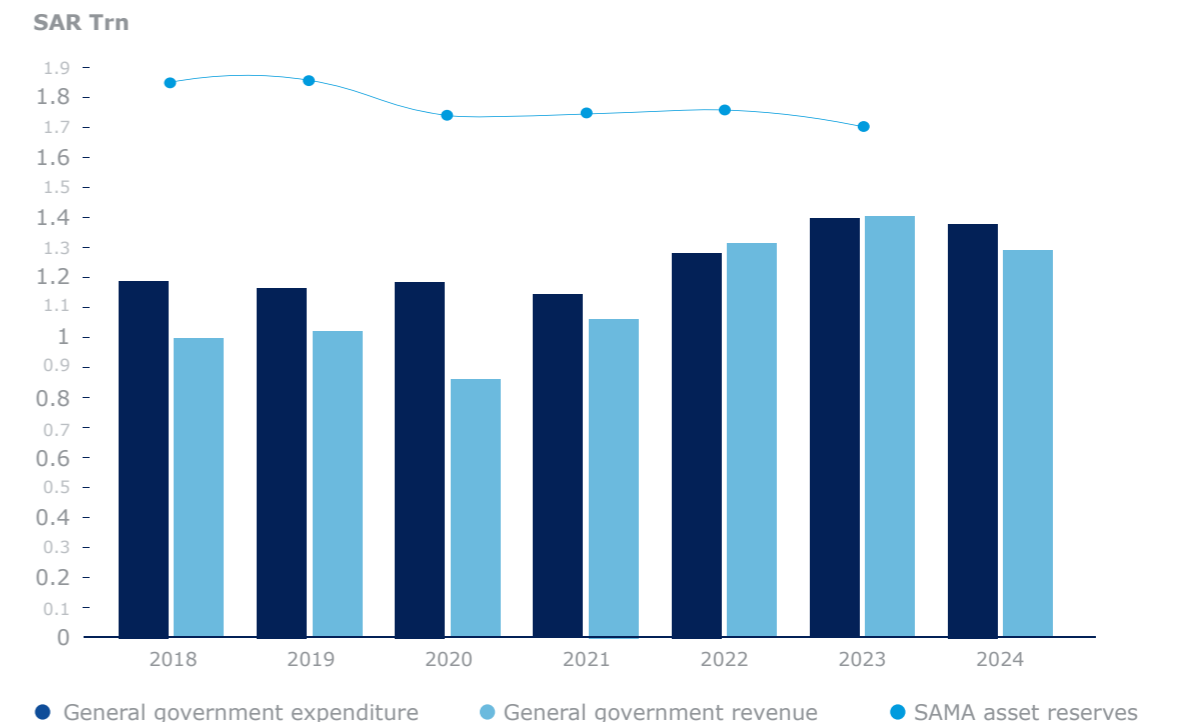
2024, the IMF anticipates a growth rate of 2.7%, signifying a steady economic upturn. Even more encouraging is the projection for 2025, where an estimated GDP growth of 5.5% is expected. This optimistic forecast reflects a strong belief in a robust economic recovery and the success of ongoing efforts to diversify the Saudi economy.

The projected growth indicates the increasing strength and resilience of non-oil sectors in Saudi Arabia. These sectors, from tourism and entertainment to technology and renewable energy, are key economic progress drivers. This diversification enhances the economy's stability and opens up new opportunities for investment and development.

The government's strategic initiatives, aimed at fostering growth in various industries and reducing dependence on oil revenue, are bearing fruit. These efforts create a more dynamic and versatile economic landscape for sustainable growth and innovation. The positive forecasts for the coming years signal confidence in these initiatives and the potential for even greater economic achievements in Saudi Arabia.

The positive forecasts for the coming years signal confidence in these initiatives and the potential for even greater economic achievements in Saudi Arabia

EXPENDITURE/REVENUE & ASSET RESERVES (SAR Trn) Source: MoF, SAMA



Strategy

A Four-Pillar Framework

Al-Rajhi Takaful’s strategic direction, developed in 2019 as a 4 year strategy, and anchored in four fundamental pillars, reflects a comprehensive and progressive approach in the insurance sector. Each pillar synergises to create a robust framework that propels the Company towards market leadership and excellence. The strategic framework for Al Rajhi Takaful is a comprehensive plan that intertwines Exceptional Customer Service, Extensive Distribution, Operational Efficiency, and Product Innovation to create a cohesive and effective approach to the market across all the sectors it operates in.

This strategy is multifaceted, specifically crafted to respond to the unique requirements of each segment.



Exceptional Customer Service

Leaders in Customer Service



Extensive Distribution

Owners of Large-Scale Omnichannel Distribution



Operational Efficiency

Operational Excellence



Product Innovation

Self-Serviceable Products



Strategy

A Four-Pillar Framework



MODULAR PRODUCT INNOVATION

Al-Rajhi Takaful's strategic vision is encapsulated in its commitment to the provision of innovative insurance solutions tailored to the dynamic needs of its diverse clientele. The Company's modular product offering caters to specific client requirements, offering a range of pre-assembled packages that combine flexibility with comprehensive coverage. Al-Rajhi Takaful differentiates itself through quality-centric products, focusing on superior service. Additionally, the self-service approach through the Company's platform and the modular product range, demonstrate Al-Rajhi Takaful's commitment to simplifying insurance, making it more approachable and aligned with the digital era.

Product Innovation centres on designing and rolling out a modular product offering suite that caters to different customer segments. This involves developing customizable and flexible insurance products that meet the varying needs and preferences of the market. In the area of Product Innovation, the strategy is to compete based on quality rather than primarily on price. This involves differentiating Al Rajhi Takaful's offerings from those of competitors, especially in premium product segments. The focus here is on developing products that stand out for their quality, coverage, and value-added features, offering unique selling points that appeal to discerning customers.



EXTENSIVE DISTRIBUTION

Al-Rajhi Takaful's strategic pillar of owning a large-scale omnichannel distribution network exemplifies its commitment to making insurance accessible and convenient for its diverse clientele. This approach integrates online, offline, and hybrid channels, ensuring flexibility and choice for customers. The Company simplifies insurance transactions across various channels by the continuous upgrades to Al Rajhi Takaful's sales platforms. These focus areas expand reach into households nationwide, enhancing market presence. Strategic partnerships with car dealers, leasing companies, and Al Rajhi Bank integrate insurance into everyday financial activities. Additionally, aligning with Vision 2030 through government collaborations further extends its impact, firmly establishing Al-Rajhi Takaful as a market leader in innovative insurance distribution.

Extensive Distribution is achieved by embedding Al Rajhi Takaful's offerings into its digital platforms, making the products more accessible and convenient for customers. Developing new channel propositions for dealers expands the distribution network, reaching more customers through diverse channels. This includes establishing cooperation with Al Rajhi Bank's commercial clients, and forming strategic alliances with major brokers and corporates.



EXCEPTIONAL CUSTOMER SERVICE

Al-Rajhi Takaful distinguishes itself as a leader in customer service within the insurance industry. Central to its strategy is creating a customer-centric environment where every interaction is an opportunity to go above and beyond client expectations. The Company heavily invests in staff training and actively integrates customer feedback to refine its services, ensuring personalised, consistent, and an efficient client experience. Efficiently handling inquiries and claims, coupled with a proactive approach to understanding and anticipating customer needs, Al-Rajhi Takaful has established itself as a Company that values and prioritises customer satisfaction.

This relentless focus on customer centricity enhances the Company's reputation and retention, setting Al-Rajhi Takaful apart in the competitive insurance landscape.

By integrating elements that increase customer loyalty and retention into the products, such as auto-renewal of policies, hassle-free, transparent post-sales experience, especially in claims processing, and streamlining processes to ensure an adequate member experience. Additionally, engaging with clients beyond just the product through initiatives like the Al Rajhi Takaful automotive club, relevant to the motor sector, and a mobile app enhances the overall customer experience. Strengthening the renewal process with proactive client communication is also key, ensuring ongoing relationships and customer satisfaction.



OPERATIONAL EFFICIENCY

Al-Rajhi Takaful prioritises operational excellence to address critical challenges and maintain competitiveness in the insurance sector. The operating efficiency strategy focuses on streamlining client and member onboarding, optimising motor and health claims processes, and automating claims adjudication by actively renegotiating agreements, bolstering fraud

control, and strengthening core capabilities like obtaining credit ratings and expanding reinsurance capacity. Furthermore, the Company's efforts to automate policy issuance, eliminating manual tasks in the retail and SME sectors have played a pivotal role in these transformative activities. This unwavering commitment to operational efficiency ensures growth and agility, and enhances service quality, benefitting Al-Rajhi Takaful and its valued customers in the rapidly evolving insurance industry.

Operational Efficiency is focused on reducing the cost of claims. This includes activating identified savings opportunities such as renegotiating with providers, automating processes, and increasing data analytics which are aimed at reducing costs and improving services delivered. Operational Efficiency also focuses on establishing strong lines of communication with regulatory authorities to ensure proper alignment with the regulatory requirements.

Risk Management Framework

Due to the intricate composition of the Company's business model, Al Rajhi Takaful has embraced an exhaustive risk management strategy that emphasizes its commitment to Shariah-compliant principles, robust risk governance, and encompasses the thorough identification, assessment, measurement, aggregation, and proficient mitigation of risks.

Risk Management Structure:

1. Board of Directors:

The Board of Directors is central in providing oversight, guidance, and authorization concerning strategic initiatives and policies to realise Al Rajhi Takaful's objectives.

2. Senior Management: Tasked with overseeing day-to-day operations in alignment with the Company's predefined risk appetite.

The Board of Directors at Al Rajhi Takaful is the cornerstone of the risk management framework, providing top-level guidance and supervision. Their role is multifaceted, involving the strategic direction of risk management initiatives and aligning them with the Company's long-term objectives.

They approve key risk management policies and strategies, ensuring adherence to regulatory requirements and best practices.

Their responsibilities extend to regularly monitoring and evaluating the effectiveness of risk management strategies, ensuring continuous improvement.

Furthermore, the Board ensures transparent and effective communication with stakeholders regarding the Company's risk management policies and practices. It guides the Company to comply with local and international risk management regulations and standards.

At Al Rajhi Takaful, the Senior Management team is pivotal in executing the risk management strategies the Board of Directors set forth.

Charged with overseeing day-to-day operational activities within defined risk thresholds, the team continuously assesses operational risks and implements appropriate management strategies.

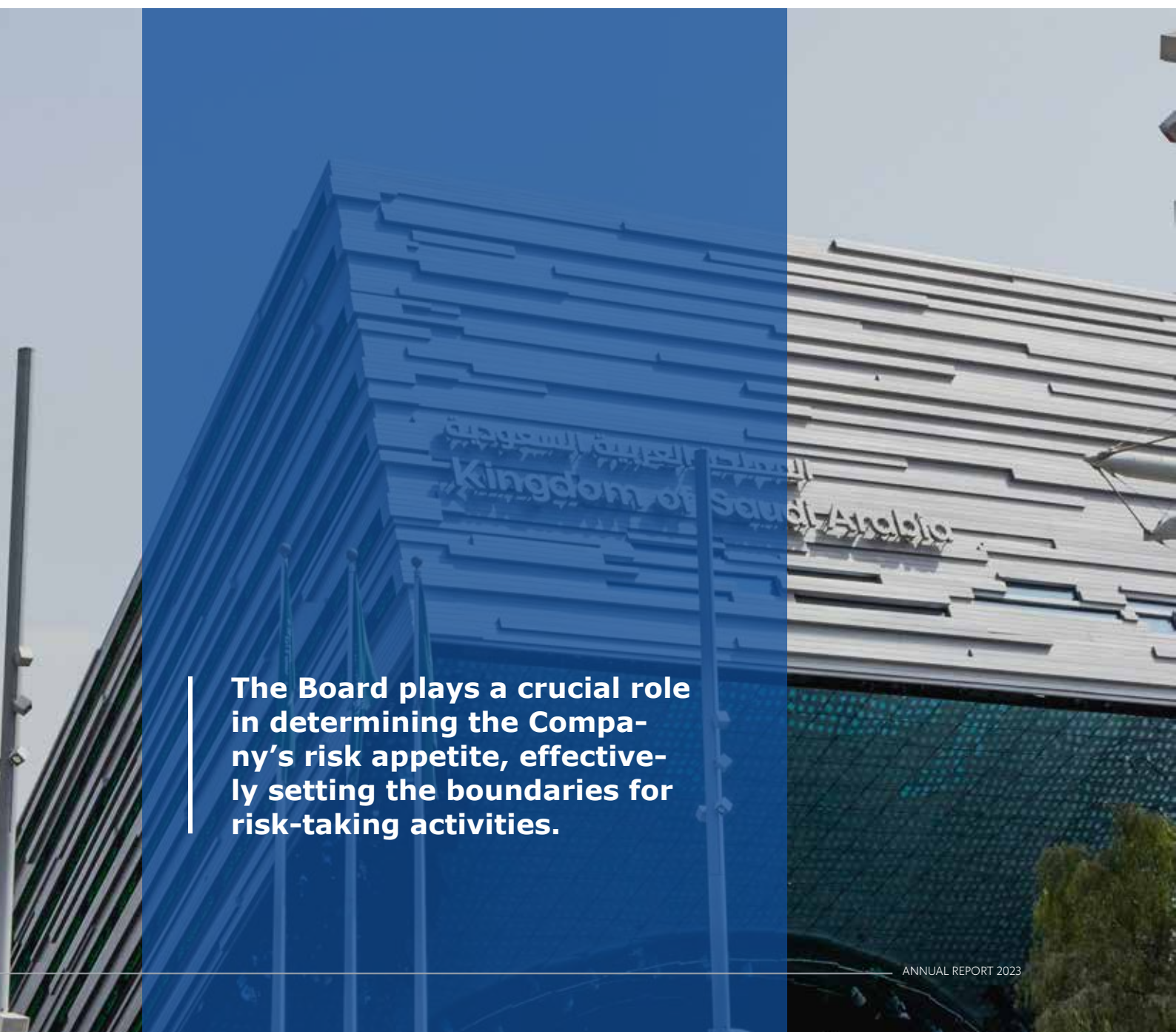
They play a vital role in effectively implementing risk management policies across all departments and regularly report to the Board on risk exposure, mitigation efforts, and significant risk-related incidents. In times of crisis, Senior Management leads the response to ensure minimal operational impact.

They also focus on promoting a risk-aware culture within the organisation through staff training and awareness programs and encourage the adoption of innovative approaches and technologies for efficient risk management.

Al Rajhi Takaful is deeply committed to an integrated approach to risk management, fostering robust collaborations with regulatory entities to identify and address emerging risks collaboratively.

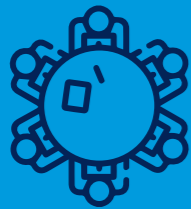
Seamlessly integrating conventional risk management methodologies with the distinctive demands and Takaful operations.

The forthcoming implementation of a robust Risk Appetite Framework will comprehensively encompass all dimensions of the Company's business activities, leveraging finely calibrated Key Risk Indicators.



The Board plays a crucial role in determining the Company's risk appetite, effectively setting the boundaries for risk-taking activities.

Risk Management Structure



The Board / C-Level

• Responsibility:

The Board is responsible for the Company's overall risk management approach. They set the tone for risk culture and ultimately approve risk management strategies and principles.

Key Functions:

- Define the Company's risk appetite and establish risk management policies.
- Ensure integration of risk management into strategic planning and decision-making.
- Oversee the effectiveness of the risk management framework and practices.
- Provide resources and support for effective risk management throughout the organization.

1



The First Line of Defence: Risk and Control Owners

• Responsibility:

This line consists of operational managers and employees directly responsible for managing risks in their day-to-day activities.

They own and manage risks end-to-end.

Key Functions:

- Identify, assess, and manage risks within their areas of responsibility.
- Implement risk mitigation strategies and controls.
- Ensure compliance with established risk policies and procedures.
- Report on risk exposures and incidents to the Second Line for further evaluation.

2



The Second Line of Defence: Compliance and Risk Departments

• Responsibility:

These departments oversee and assess the risk management activities carried out by the First Line. They provide support oversight and monitor the implementation of risk management practices.

Key Functions:

- Develop and implement risk management frameworks and policies.
- Monitor and report on risks to the senior management and the Board.
- Advise the First Line on risk management best practices.
- Ensure compliance with regulatory and internal policy requirements.

3



The Third Line of Defence: Internal Audit

• Responsibility:

Internal Audit acts as an independent body, reporting directly to the Audit Committee, that assures the Board regarding the design, governance operations, and effectiveness of internal control processes.

Key Functions:

- Conduct independent audits to assess the adequacy and effectiveness of risk management and internal controls.
- Report findings and recommendations to the Board and management.
- Monitor the implementation of action plans to address audit findings.
- Ensure compliance with regulatory requirements and internal policies.

Risk Management Framework

As a prominent insurance provider, Al Rajhi Takaful must customize its risk management framework to align with its specific business model and the market conditions in which it operates

Al Rajhi Takaful can adeptly manage the multi-faceted risks inherent in the insurance sector by integrating these considerations into its risk management strategy.

This includes establishing prudent pricing policies to remain competitive yet profitable, enhancing claims management processes to be efficient and fraud-resistant, and navigating the competitive landscape innovatively.

In capital management, Al Rajhi Takaful must ensure compliance with the capital requirements set by regulatory authorities like the Insurance Authority balancing financial stability with profitability.





Additionally, Al Rajhi Takaful operates under stringent regulatory requirements within Saudi Arabia, which necessitates continuous compliance to avoid legal and financial repercussions.

Al Rajhi Takaful's risk management framework is evolving to address the various risks inherent in the insurance sector, including regulatory changes, market competition, cybersecurity, human resource challenges, and sustainable practices.

This comprehensive and adaptive approach is essential for the Company to maintain its status as a leading insurance provider in the country, ensuring long-term stability and growth.

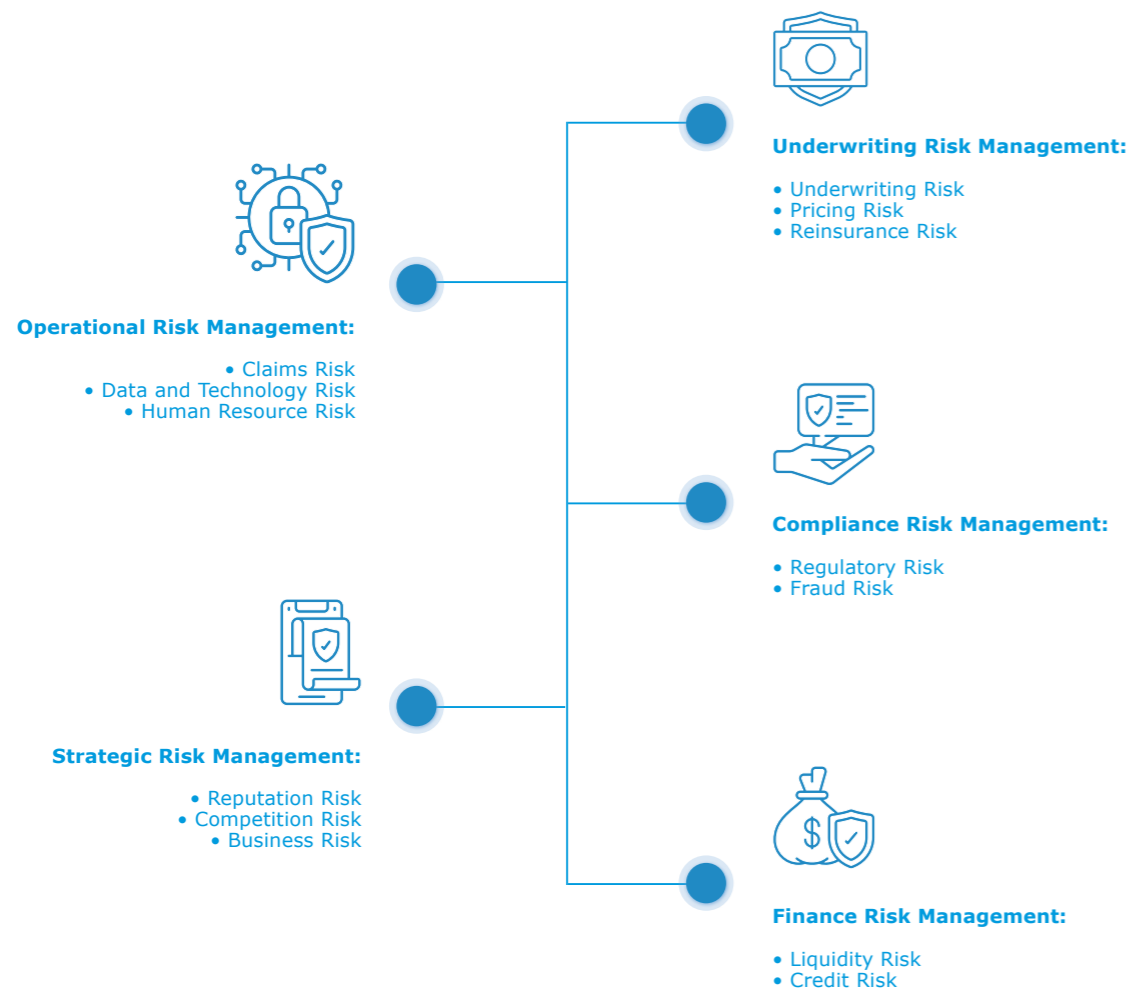


In line with this, Al Rajhi Takaful has developed a comprehensive risk management strategy deeply integrated with its unique business model and market position:

	<p>Customized Risk Identification:</p> <p>Al Rajhi Takaful is set to approve a comprehensive framework for discerning risks pertinent to its business model and market positioning. This proactive approach will aid in foreseeing potential challenges and planning accordingly.</p>
	<p>Tailored Risk Assessment:</p> <p>The Company evaluates risks with a keen understanding of its specific client base, the diversity of its product mix, and the nuances of its competitive landscape. This thorough evaluation allows Al Rajhi Takaful to understand and prepare for risks more precisely and effectively.</p>
	<p>Specialized Risk Mitigation Strategies:</p> <p>Recognizing the unique requirements of its business, Al Rajhi Takaful has implemented risk mitigation strategies designed to meet its specific needs. This includes offering specialised insurance products, employing advanced underwriting techniques, and adopting customer-centric service models, all of which contribute to mitigating risk more effectively and targeted.</p>
	<p>Ongoing Risk Monitoring and Reporting:</p> <p>Al Rajhi Takaful regularly reviews and updates its practices to ensure adequate and relevant risk management strategies. This ongoing process ensures that the Company's risk management approach stays aligned with its strategic goals and the insurance industry's ever-evolving landscape</p>

Risk Analysis

Al Rajhi Takaful follows a strategic risk analysis process that involves identifying risks with potential impacts on the business and then analysing these risks to understand their scope.



“Al Rajhi Takaful needs to balance its premium rates carefully.”

This process is crucial for establishing the connection between each risk and various variables within the Company. The analysis helps determine the intensity and impact of each risk, identifying business functions that could be affected. This approach recognises that some risks might have a significant impact, potentially causing a complete standstill of operations, while others may carry insignificant levels of impact. Al Rajhi Takaful conducts this analysis manually, ensuring a thorough and tailored evaluation of each risk factor.

Underwriting Risk Management

Underwriting Risk Management at Al Rajhi Takaful encompasses key areas including Underwriting Risk, Pricing Risk, and Reinsurance Risk.

The division manages Underwriting Risk by accurately assessing policyholder risks to ensure sound decision-making.

Pricing Risk involves setting premiums that accurately reflect the level of risk while remaining competitive.

Reinsurance Risk management focuses on mitigating potential losses by distributing risk across different reinsurers, ensuring the Company’s financial resilience.

This comprehensive approach to risk management is crucial for the Company’s financial health, balancing risk and return effectively to maintain stability and profitability.

UNDERWRITING RISK

This division at Al Rajhi Takaful focuses on underwriting practices and assessing risks to ensure policy and product compliance.

They utilise unique risk pooling and sharing methods, balancing contributions with mutual assistance. Effective underwriting in Takaful demands financial savvy and ethical adherence, which is crucial for the Company’s stability.

The division manages risks within the Company’s net retention capacity, ensuring adequate reinsurance arrangements. Al Rajhi Takaful has system limits for underwriting and claims settlements, defining authority limits for risk underwriting and claim settlements.

Underwriting is selective, weighing the return against associated risks, avoiding loss-making businesses, and maintaining transaction statistics for client records.

PRICING RISK

Al Rajhi Takaful needs to balance its premium rates carefully. Given its position in the market, the Company must ensure that its rates are competitive yet sufficient to cover the risks it underwrites.

This requires a deep understanding of the market demographics, client risk profiles, and regulatory environment in which the Company operates.

Utilizing advanced actuarial models and regularly reviewing pricing strategies in light of emerging market trends and claims data is crucial for the Company.

Risk Analysis

REINSURANCE RISK

The Company routinely engages in reinsurance arrangements to mitigate financial liabilities from substantial claims as part of its operational strategy.

In the interest of reducing vulnerability to substantial losses resulting from reinsurer defaults, the Company conducts comprehensive assessments of the financial health of its reinsurers and closely monitors credit risk concentrations associated with geographic regions, business activities, or economic attributes of the reinsurers.

Compliance Risk Management

Compliance Risk Management at Al Rajhi Takaful encompasses predominantly Regulatory Risk, as well as Fraud risk. This division is responsible for monitoring changes in legislation and implementing compliance frameworks to manage legal risks associated with business practices. Its role is critical in avoiding legal penalties and ensuring the Company operates within ethical boundaries. In addition, the division looks to mitigate the risk of fraud in order to maintain integrity and trust in the Company's operations.

REGULATORY RISK

Al Rajhi Takaful operates within the regulatory framework of the Kingdom of Saudi Arabia, which imposes various controls and requirements on its activities. These regulations are designed to reduce the risk of deficit and bankruptcy among insurers and reinsurers.

They typically include requirements for capital adequacy, ensuring that companies have sufficient financial reserves to meet their obligations, even in unexpected situations. Al Rajhi Takaful must comply with these regulations to avoid legal and financial penalties and maintain its reputation and operational integrity. Non-compliance could lead to severe consequences, including fines, restrictions on business activities, or loss of license.

FRAUD RISK

Fraud risk management at Al Rajhi Takaful involves a comprehensive approach to minimize the likelihood of financial, material, or reputational losses due to fraudulent activities.

The Company has updated its claims handling process to include "Yaqeen" validation for the insured, requiring drivers to submit official documents to validate their relationship with the insured.

This measure aims to ensure the legitimacy of claims and prevent fraud. Additionally, Al Rajhi Takaful's Anti-Fraud unit within the Motor business is well-equipped with a specialized fraud management system and collaborates with government agencies like Traffic Police and Najm, as well as conducts investigative field visits to strengthen its fraud prevention capabilities.

Finance Risk Management

In Finance Risk Management at Al Rajhi Takaful, two key areas are Liquidity Risk and Credit Risk.

Liquidity Risk focuses on maintaining a healthy balance between liquid and illiquid assets to ensure the Company can meet its financial obligations efficiently. This involves careful management of cash flows and asset liquidity to support ongoing operations.

Credit Risk management entails assessing the creditworthiness of clients and effectively managing the potential risk of financial losses due to defaults. The emphasis is on prudent lending and credit practices to minimize bad debts. Liquidity and Credit Risk management are integral to maintaining the Company's financial stability and operational integrity.

LIQUIDITY RISK

Liquidity risk management in a Takaful operator involves balancing liquid and illiquid assets, ensuring the Company can meet its financial obligations to policyholders.

This division monitors cash flow and selects investments to align with short-term and long-term needs. The Investment Committee regularly reviews

the investment portfolio to maintain adequate liquidity levels and meet regulatory requirements.

This approach is essential for operational efficiency and upholding the economic integrity of the Takaful operator, guaranteeing that obligations like claims and payments to reinsurers are met effectively.

CREDIT RISK

Credit risk management at Al Rajhi Takaful focuses on minimizing financial loss. This division assesses the creditworthiness of clients and investment counterparties. Key to their strategy is managing policyholder obligations, particularly for those who purchase insurance on credit.

The Company implements the Premium Payment Warranty (PPW), ceasing liabilities for policies with unsettled premiums within the stipulated period. They actively monitor and collect premiums to minimize policy cancellations. The Company has put an authority matrix in place to review outstanding premiums and collection efforts. Based on the value of premium, the Chief Financial Officer is the first to review; this escalates to the Chief Executive Officer, and reaches the Board who hold ultimate credit approval authority.





Risk Analysis

Operational Risk Management

Operational risk pertains to the potential for direct or indirect financial loss from various factors related to operational processes, human resources, and technological infrastructure. Such risks can materialize due to internal or external events. In managing Claims Risk, the division ensures efficient and accurate claims processing. For Data and Technology Risk, the focus is on bolstering IT security and protecting sensitive data from cyber threats. Human Resource Risk management addresses staffing, training, and employee performance issues. This division is pivotal in maintaining smooth operations and safeguarding the Company's integrity and assets.

CLAIMS RISK

Al Rajhi Takaful's claims management division emphasizes efficient and effective handling of insurance claims. The division conducts a diligent review of claims to reduce fraudulent or unnecessary payments and actively manages high-cost claimants, mitigating excessive expenses. Furthermore, the division is enhancing its operations through automation, including implementing a claims adjudication system. This automation aims to reduce manual intervention, streamline claims processing, and ultimately lower operational costs. These initia-

tives demonstrate the division's commitment to improving the efficiency of claims operations, reducing costs, and effectively utilizing resources. Al Rajhi Takaful aims to optimize its claims management and maintain overall cost control within the healthcare sector through these measures.

DATA AND TECHNOLOGY RISK

This domain at Al Rajhi Takaful addresses the risks associated with cybersecurity, data protection, and privacy in its operations. Recognizing the critical need for secure digital infrastructure, the focus is on implementing robust cybersecurity measures and stringent data governance frameworks.

It aims to protect sensitive client and Company data against breaches and unauthorized access, complying with legal standards. The domain encompasses developing and maintaining resilient IT systems, safeguarding privacy, and regularly updating security protocols to counter emerging cyber threats. Effective management in this area is crucial for preserving customer trust and ensuring the integrity of the Company's digital resources

HUMAN RESOURCE RISK

Human resource risk at Al Rajhi Takaful is a critical aspect of operational risk,

primarily due to its potential impact across various areas of the organization. This risk encompasses challenges such as hiring and retaining competent staff, especially in a competitive job market, and the adverse effects of high turnover rates. The departure of key employees can disrupt strategic continuity and operational efficiency, making it a significant concern.

The Company's approach to managing this risk includes implementing robust talent acquisition and retention strategies, investing in employee development, and fostering a positive work environment. These measures are crucial for maintaining a skilled and stable workforce, ensuring the organization's resilience and long-term success.

Strategic Risk Management

Within Strategic Risk Management at Al Rajhi Takaful, focal points encompass Reputation Risk, Competition Risk, and Business Continuity Risk. This risk management framework is intricately attuned to the Company's strategic imperatives, identifying and mitigating risks capable of influencing sustained organizational objectives.

Reputation Risk focuses on maintaining the Company's image and customer trust. Competition Risk addresses the



challenges and threats from market competitors, ensuring the Company remains competitive. Business Continuity Risk involves planning for unforeseen events that could disrupt operations. Managing these risks is crucial for sustainable development and achieving strategic goals for the Company's growth and stability.

REPUTATION RISK

The Company's Risk department oversees risks that have the potential to impact the Company's public image and reputation. Its responsibilities include monitoring public sentiment, handling media interactions, and devising crisis response plans.

The team works proactively to prevent and address negative publicity, ensuring the Company maintains a consistent and positive narrative. Maintaining effective reputation management is vital for upholding customer trust, bolstering investor confidence, and sustaining the Company's position in the market, as damage to reputation can have enduring consequences on its success.

COMPETITION RISK

In the dynamic insurance landscape of Saudi Arabia, Al Rajhi Takaful encounters the imperative of distinguishing itself amidst competition. This entails crafting distinctive insurance

solutions tailored to distinct customer demographics, harnessing technology to elevate customer interaction, and prioritizing service excellence.

BUSINESS CONTINUITY RISK

External factors beyond the Company's control, such as competitive pressures, market shocks and dynamics, and resource limitations, may disrupt business operations, impacting the seamless flow of activities at Al Rajhi Takaful.

The Company has developed a robust business continuity plan to mitigate the risk of disruptive events, to ensure that it is well positioned to withstand and quickly recover from any such event, maintaining essential functions and service, and thus, business continuity.

Review of Business Activities

Al Rajhi Takaful's business review showcases the Company's outstanding achievements, highlighting its integration of advanced technology, customer-focused strategies, and financial expertise, all underpinned by a commitment to sustainability and ethical practices.

These elements collectively paint a picture of a Company that is not only thriving in a competitive market but also continuously innovating and adapting to meet the evolving needs of its customers.

GWP for 2023

SAR
6,023mn

At the core of Al Rajhi Takaful's success is its financial performance. The Company has demonstrated robust economic health, notably increasing its insurance revenue and net income. The Company reported a 44.4% increase in insurance revenue and more than 350% rise in net income after Zakat in the last fiscal year, underscoring its financial strength and growth trajectory.

The market share and customer base of Al Rajhi Takaful are equally vital indicators of its operational success. An expansion in gross written premium (GWP) market share, from 6.6% to 8.8%, along with a significant increase in new policyholders, indicates the Company's effective market penetration and customer acquisition strategies. This growth reflects not only the Company's reputation but also its ability to cater to the diverse needs of its clientele.

A critical factor in Al Rajhi Takaful's portfolio is the performance of its innovative products, such as flexible insurance products. Such products, known for their adaptability and customer-centric design, allow clients to tailor their insurance coverage to match their evolving life circumstances, showcasing Al Rajhi Takaful's commitment to providing versatile and relevant insurance solutions.

Operational efficiencies are another cornerstone of Al Rajhi Takaful's success. Metrics such as a high claim settlement ratio, reduced average claim processing time, and an efficient operating expense ratio highlight the Company's operational excellence.

A notable achievement for the Company was its claim settlement ratio, reflecting the Company's commitment to fulfilling its obligations to policyholders and enhances customer trust and satisfaction. Equally significant was the reduction in claim processing time. By decreasing this duration Al Rajhi Takaful significantly improved its service efficiency, elevating the overall customer experience.



Operational efficiencies are another cornerstone of Al Rajhi Takaful's success.

The operating expense ratio was also meticulously managed to ensure operational cost-effectiveness while maintaining high-quality service standards. These factors underscore the Company's dedication to operational excellence and its reliable and customer-centric insurance provider position.



8.8%

GWP Market Share for 9M 2023

6.6%

GWP Market Share for 9M 2022

SAR 4,236mn

Insurance Revenue for 2023

7.5%

Insurance Revenue market share in 2023

Innovation and adaptability are woven into the core of Al Rajhi Takaful's operations. The Company's investment in digital initiatives and new product development, enhancing customer engagement and convenience, reflects its forward-thinking approach. The success of these initiatives can be measured through increased online policy sales and heightened customer engagement rates.

The Company's response to economic conditions, particularly the inflationary environment, also played a critical role in its operational strategy. The impact of such economic factors, coupled with customer retention and satisfaction, is a key indicator of the Company's adaptability and customer-centric approach.

Review of Business Activities

Innovation and adaptability are woven into the fabric of Al Rajhi Takaful's operations.

Al Rajhi Takaful Insurance is pivotal in supporting economic growth across various sectors in Saudi Arabia, including mortgage portfolios, finance portfolios, government mega and giga projects, individual health, and motor insurance. As a safety net, it offers individuals and businesses security and peace of mind, contributing significantly to economic stability and development.

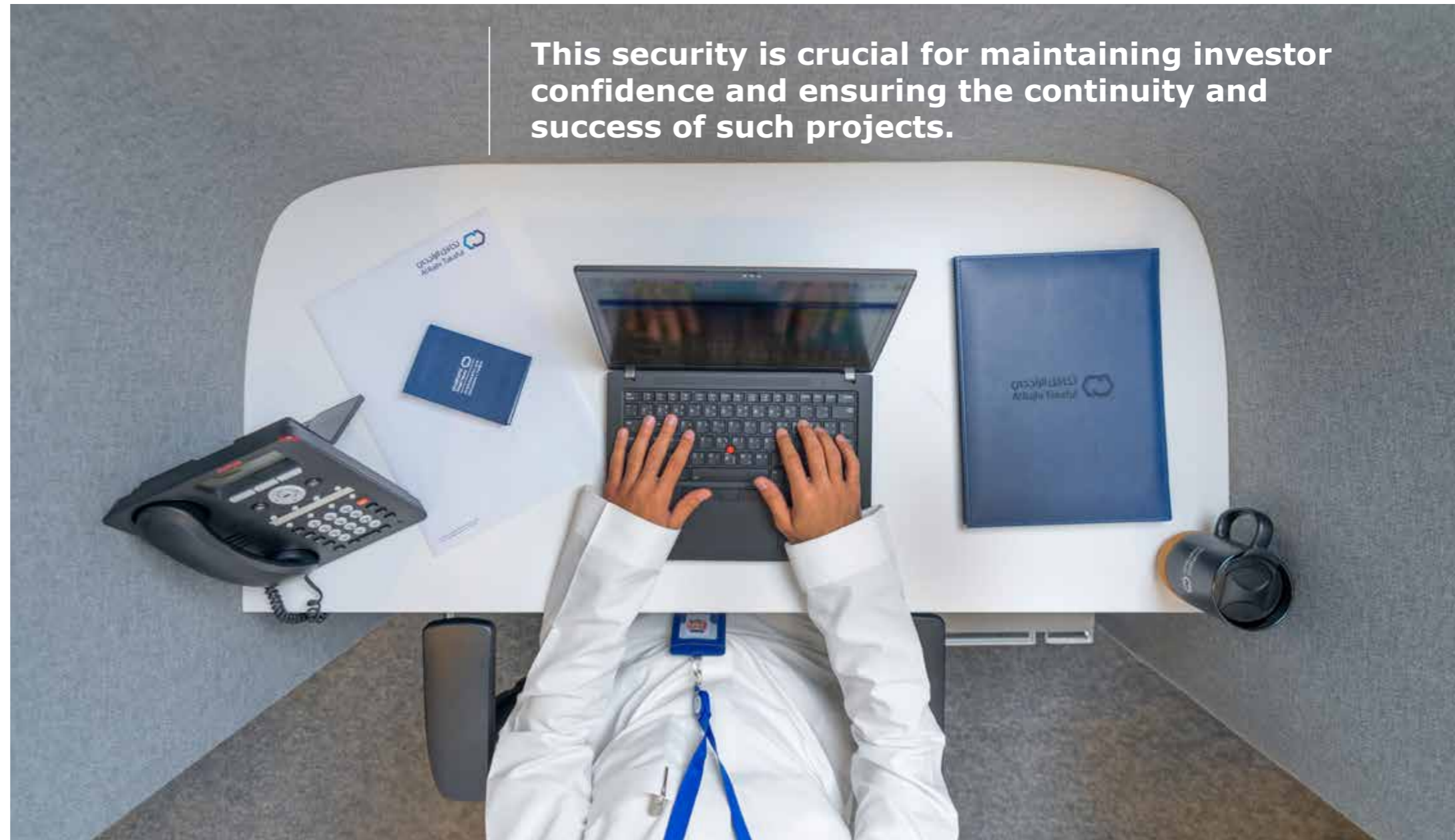
The Company's insurance solutions are indispensable in mortgage and finance portfolios in order to protect lenders and investors from losses due to unforeseen events. This protection enables financial institutions to extend more credit to consumers and businesses, fostering economic activity and growth. Al Rajhi Takaful encourages financial institutions to invest in various projects and initiatives by mitigating lending risks which is key in stimulating economic development.

Government mega and giga projects in Saudi Arabia, often characterized by large-scale investment and significant complexity, benefit immensely from Al Rajhi Takaful's insurance services. These projects, including infrastructure development and technological innovations, enable Al Rajhi Takaful to be part of the significant transformation journey by providing a layer of security, ensuring such projects can progress without the fear of unforeseen events. This security is crucial for maintaining investor confidence and ensuring the continuity and success of such projects.

Al Rajhi Takaful's impact on individual health and motor insurance is direct and profound. Health insurance shields individuals from the financial burden of unexpected medical expenses, promoting overall well-being and productivity.

Al Rajhi Takaful provides a layer of security, ensuring these ambitious projects can progress without fear of crippling financial losses due to unforeseen events.

This security is crucial for maintaining investor confidence and ensuring the continuity and success of such projects.



Al Rajhi Takaful's impact on individual health and motor insurance is direct and profound.

Review of Business Activities

Al Rajhi Takaful's impact on individual health and motor insurance is direct and profound.

Coverage Ratio of Health Insurance Schemes in 2025

45%

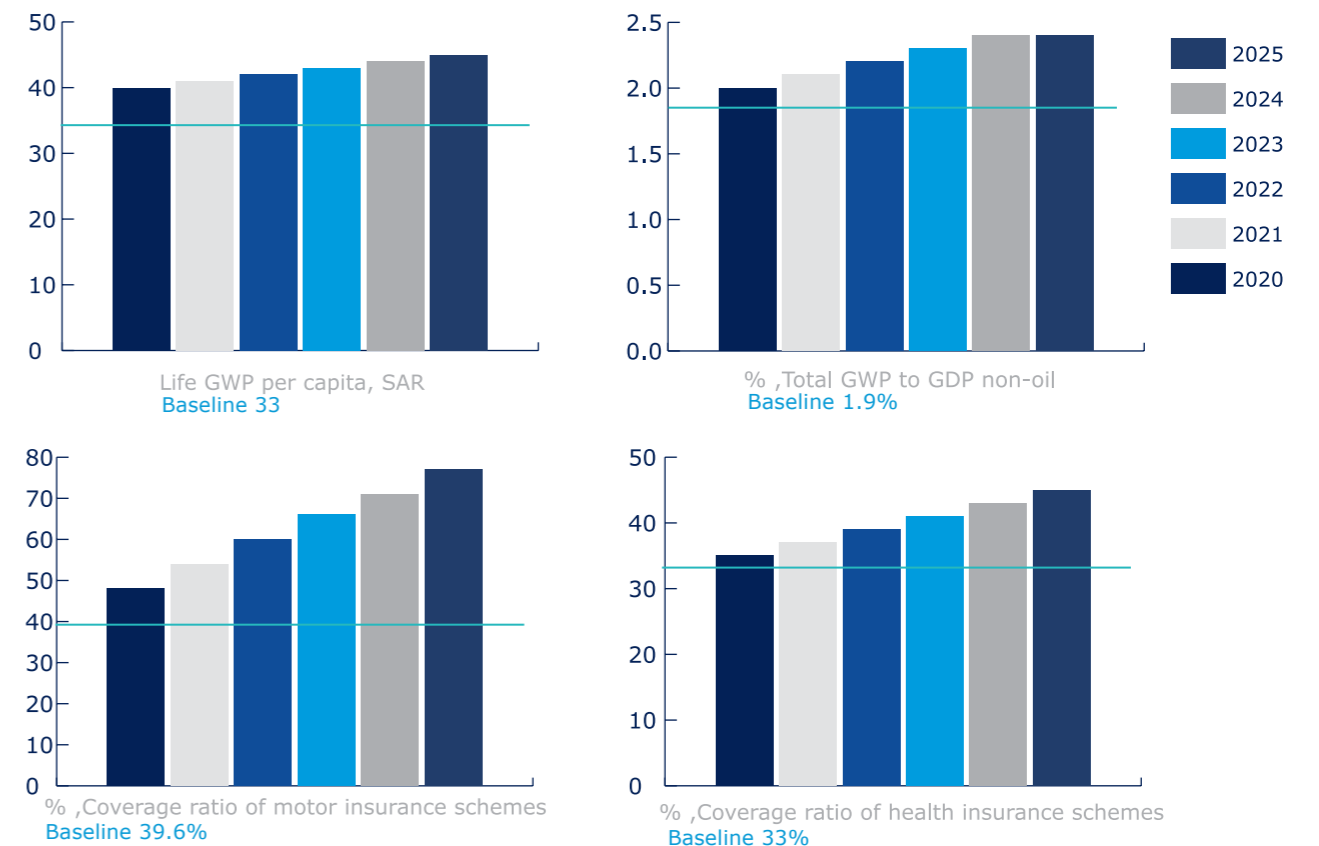
A healthy workforce is essential for economic growth, ensuring a consistent supply of productive labour and aligns with the objectives of the financial sector development program (FSDP) to increase the coverage ratio of health insurance schemes to 45% by 2025.

Similarly, motor insurance is vital for economic activity, enabling individuals and businesses to use vehicles without the fear of financial hardship in the event of accidents. This mobility is critical for the smooth functioning of personal and business endeavours.

Moreover, Al Rajhi Takaful plays a crucial role in savings and protection. It empowers individuals and businesses to confidently plan for the future, safeguarding against potential financial losses. This sense of security encourages saving and investment, which are fundamental for long-term economic growth. Insurance products like life insurance and annuities allow individuals to save for retirement, education, and other long-term objectives.

Al Rajhi Takaful Insurance is an integral component of a robust economy in Saudi Arabia. Offering protection against various risks facilitates economic activity and job creation, and contributes to the nation's overall financial resilience and prosperity.

Financial sector development program Insurance metrics and targets



* Financial Sector Development Program, program charter 2022, page 14
 ** Baseline are figures for 2019

Review of Business Activities

Health insurance shields individuals from the financial burden of unexpected medical expenses, promoting overall well-being and productivity.

In addition, the returns to investors and stakeholders testify to Al Rajhi Takaful's financial stability and reliability. A stable or increasing Earning per Share (EPS) and a strong solvency ratio exemplify the Company's commitment to delivering value to its shareholders and maintaining a solid financial foundation.

In summary, Al Rajhi Takaful's operational review reveals a Company that is not only financially robust but also strategically adept at navigating

market challenges, innovating product offerings, and prioritizing customer satisfaction. Its ability to adapt, innovate, and efficiently manage its operations positions it as a leader in the insurance sector.

In Protection and Savings Insurance, Al Rajhi Takaful is the market leader, demonstrating a commanding presence and impressive market share.

SAR Mn
Motor Insurance Revenue in 2023

2,305

SAR Mn
Motor Insurance Revenue in 2022

1,500

Its ability to adapt, innovate, and efficiently manage its operations positions it as a leader in the insurance sector.

This leadership is substantiated by the significant number of policies underwritten by the Company, exceeding 2.9Mn number of policies. Furthermore, Al Rajhi Takaful's extensive customer base, encompassing over 2.5Mn individuals and families throughout Saudi Arabia, highlights its commitment to offering comprehensive life insurance solutions and its dedication to meeting the diverse needs of its clients.

Al Rajhi Takaful is unrivalled in motor insurance, holding the top position in the number of cars insured across Saudi Arabia. This segment's extensive portfolio is a testament to Al Rajhi Takaful's expertise and strong market presence. With a remarkable number of motor policies issued, the Company commands a significant 20.4% of the motor GWP market share, further solidifying its status as a leader in the motor insurance industry.

Total Number of Customers

2.5Mn

Motor GWP 9M-2023 market share

20.4%

Moreover, the Company has experienced a notable growth rate in this sector, further highlighting its progress and strengthening its market position within Saudi Arabia's health insurance landscape.



Review of Business Activities

Al Rajhi Takaful currently ranks fourth in the health insurance sector, reflecting the company's growing influence and steadfast commitment to this vital segment.



Property & Casualty Insurance

+74%
growth
in 2023

This dominance in the motor insurance sector reflects Al Rajhi Takaful's commitment to providing comprehensive coverage and underscores its significant role in promoting vehicular safety and financial security for its clients.

Al Rajhi Takaful currently ranks fourth in the health insurance sector, reflecting the Company's growing influence and steadfast commitment to this vital segment.

This ranking is underpinned by significant figures, which showcase Al Rajhi Takaful's active participation in the market.

Moreover, the Company has experienced a notable growth rate in this sector, further highlighting its progress and strengthening its market position within Saudi Arabia's health insurance landscape.

In the realm of Property and Casualty insurance, Al Rajhi Takaful has established itself as a formidable player in the Saudi Arabian market.

The Company's significant growth trajectory is exempli-

The year was marked by significant strides in the insurance industry, underpinning ART's dedication to innovation and excellence.

fied by its financial achievements, witnessing an increase in business of around 70%. This substantial growth is further emphasized by Al Rajhi Takaful's portfolio of prestigious clients, which includes major Saudi corporations such as STC and Maaden.

The Company's involvement extends across vital sectors, including power, mining, and construction, with notable underwriting projects for significant developments like the Red Sea Global Project and Diriyah Gate.

This expansion in the Property and Casualty sector is a clear

testament to Al Rajhi Takaful's pivotal role in the larger economic framework, representing some of the most prominent clients in the market. The Company's strategic partnership with the largest broker in the market further cements its influential position.

Moreover, the enhancement of Al Rajhi Takaful's financial strength through additional capital infusion not only showcases its depth and resilience but also significantly benefits the Property and Casualty department, enabling it to offer robust and comprehensive insurance solutions

for a range of complex and large-scale needs.

Al Rajhi Takaful's performance in 2023 is a testament to the organization's resilience, strategic agility, and unwavering commitment to excellence.

The year was marked by significant strides in the insurance industry, underpinning ART's dedication to innovation and excellence.

Operational Review

2023 witnessed substantial developments in Al Rajhi Takaful’s operational strategies. The Company effectively enhanced its risk management processes, integrating cutting-edge technology to improve efficiency and enrich customer experiences.

A significant focus was placed on the training and development of the customer service team, ensuring high-quality service delivery.

Innovation has also been at the forefront of product development, with the actuarial team contributing valuable insights that drive the creation of new insurance solutions.

Furthermore, Al Rajhi Takaful has seamlessly woven sustainability and corporate social responsibility into its business ethos, reflecting its dedication to positively impacting the community.



FINANCIAL PERFORMANCE AND MARKET LEADERSHIP:

Al Rajhi Takaful’s financial accomplishments in key insurance segments such as Motor, Health, General, and Life Insurance have been remarkable.

These achievements have reinforced the Company’s reputation as a reliable insurance provider and positioned it as an industry leader, with notable improvements in its underwriting performance, strengthening its market standing.

The General Insurance segment, in particular, has shown significant revenue growth and profitability, achieved through a balanced approach to risk management and operational efficiency.

DIVERSE PRODUCT PORTFOLIO:

Al Rajhi Takaful’s product range is extensive, covering general insurance, life insurance, motor insurance, medical insurance, engineering insurance, fire and general accident policies, marine insurance, and insurance against medical malpractice.

The Company’s focus on underwriting excellence, robust risk management, and enhanced customer engagement strategies have driven success in the general insurance market. Al Rajhi Takaful’s commitment to innovation, process enhancement through technology, and market expansion through diverse distribution channels underlines its goal of maintaining its market leading position.



COMMITMENT TO SERVICE EXCELLENCE AND EXPANSION:

Al Rajhi Takaful’s dedication extends beyond financial performance. The Company is committed to expanding its services and presence across the Kingdom of Saudi Arabia, aiming to cater to the diverse needs of corporate clients and SMEs.

The goal is to deliver a holistic approach by providing innovative, high-quality insurance solutions that meet the unique requirements of each client.

Performance Highlights - 2023

Operational Efficiencies and Departmental Updates

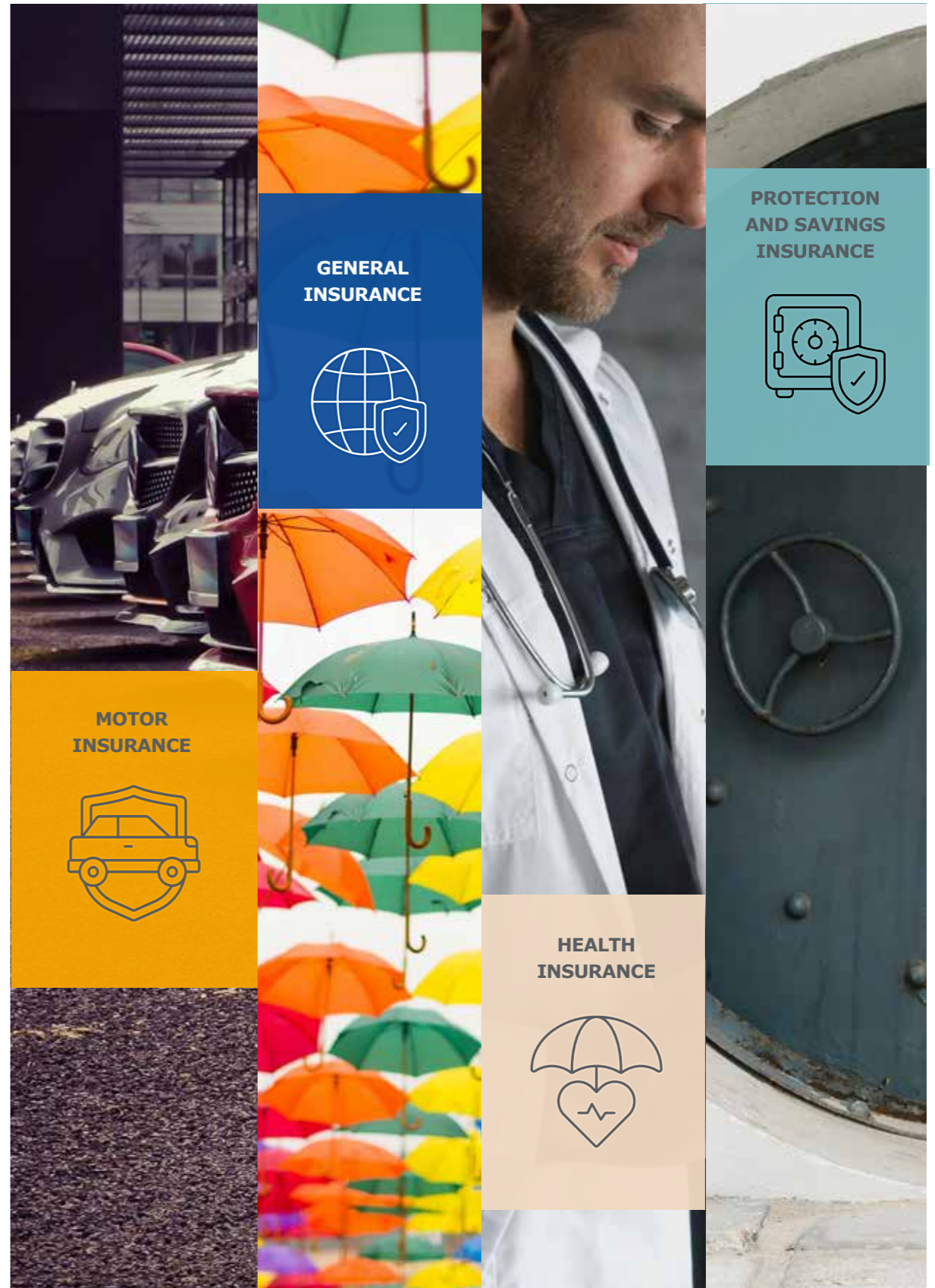
EMBRACING INNOVATION AND OPERATIONAL EFFICIENCY

2023 has been a year where Al Rajhi Takaful embraced technological advancements and strategic innovations to elevate customer experiences and streamline operations.

The Company's array of insurance products is designed to meet a wide spectrum of needs, highlighting a comprehensive approach to risk management and financial protection.

This commitment to innovation and operational excellence cements Al Rajhi Takaful's position at the forefront of the insurance industry.

Al Rajhi Takaful continues to forge ahead to provide exceptional value and services to its clients while solidifying its position as a leader in the insurance sector.



Business Review Motor Insurance

MOTOR INSURANCE - A FOCUS ON EXCELLENCE

Al Rajhi Takaful has established itself as a leading force in the Motor Insurance sector in Saudi Arabia, showcasing significant progress and innovative strategies across various operational dimensions. Since assuming the position of market leader in Motor Insurance in March 2017, Al Rajhi Takaful has managed a comprehensive portfolio that includes millions of vehicles, distinguishing itself as the foremost Leasing Specialist in the Kingdom.

This status is bolstered by strategic partnerships with major entities such as Al Rajhi Bank, Abdullatif Jameel Co., and Tameeni, underscoring its dominance in the sector.

The efficiency, fairness, and transparency of Al Rajhi Takaful's Claims Team and Processing Centre have set a high standard in claim processing, backed by strong fraud control mechanisms. In 2022, the motor insurance market experienced a significant downturn due to a price war, impacting market shares across the sector.

However, Al Rajhi Takaful strategically chose not to engage in this price war, which proved highly beneficial in 2023, making it one of the most profitable years for the company in the motor insurance segment.



The regulatory landscape in 2023 brought forth new challenges and opportunities. The imposition of penalties for uninsured drivers in the third quarter led to a higher ratio of insured vehicles, positively affecting recovery processes. The insurance authority's introduction of direct repair options for insurers also helped stabilize market prices and reduce exposure risks.

Al Rajhi Takaful's dedication to digital innovation played a crucial role in adapting to these changes. The increased demand for motor insurance, spurred by the new penalties for uninsured drivers, tested the digital capabilities of the entire market. Al Rajhi Takaful responded effectively by enhancing its customer care platforms to manage the increased digital traffic.

Furthermore, Al Rajhi Takaful expanded its product offerings and services. The launch of an updated comprehensive individual insurance policy in the third quarter included coverage for the vehicle owner and their immediate family, with additional riders such as personal accident coverage, GCC coverage, roadside assistance, and windscreen cover.

In a pioneering move for the Saudi market, Al Rajhi Takaful introduced digital after-sales services, enabling customers to handle all policy servicing and endorsements online.

SAR 2.8bn

Motor GWP in 2023



This innovation was complemented by a loyalty points system, where customers earn Mokafaa points for timely payments, even when purchasing policies on instalment plans.

Significant enhancements were made in motor insurance services, including a drastic reduction in motor repair approval times and the introduction of online policy cancellation, with 99% of requests now processed digitally.

Al Rajhi Takaful also refined its underwriting processes by developing a sophisticated risk selection matrix in collaboration with Elm, introducing innovative products like "drive as you go" insurance, tailored to driving frequency, and classic car insurance for vehicles over ten years old.

16.4%

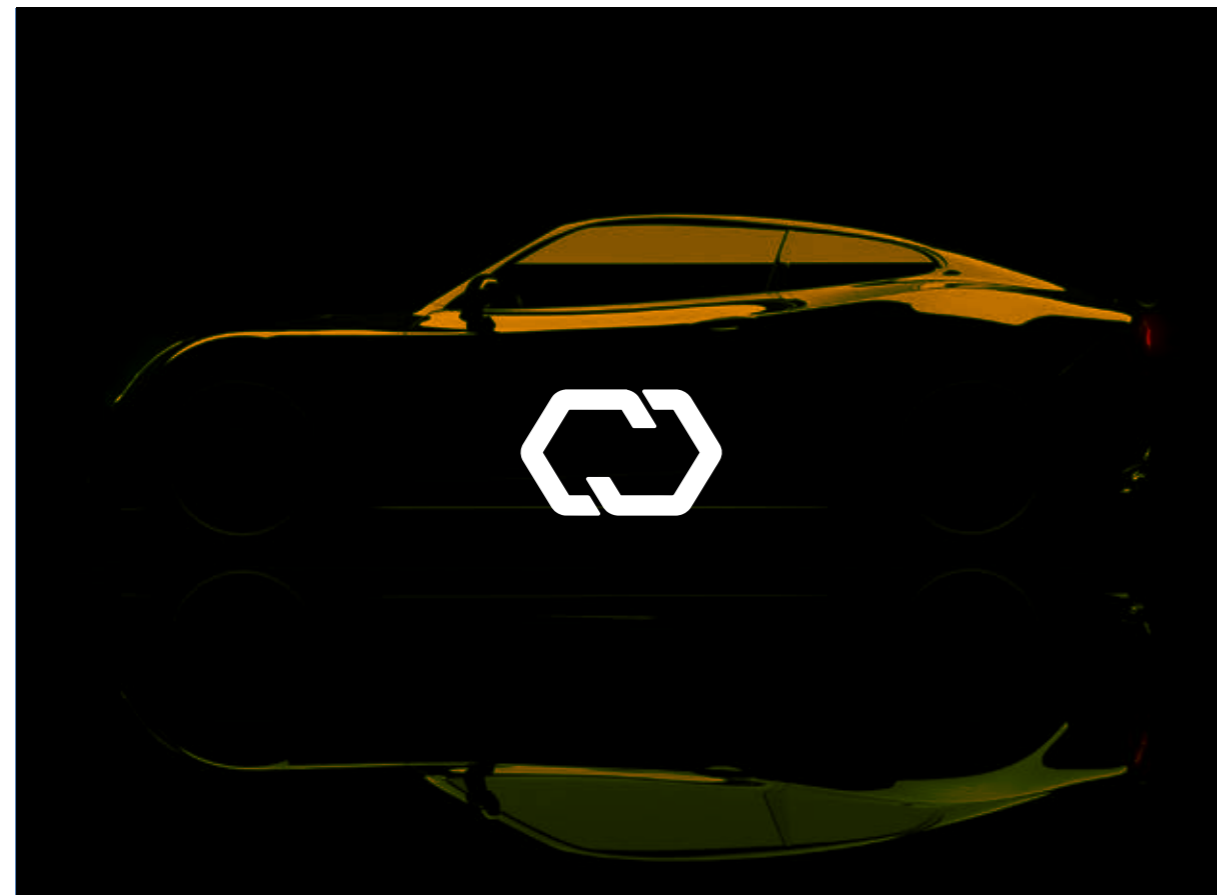
Motor Insurance service result margin

Business Review

Motor Insurance (continued)

Through these varied and strategic advancements, Al Rajhi Takaful has not only reinforced its leadership in the Motor Insurance sector but has also set new standards for innovation, customer service, and operational efficiency in the insurance industry.

Al Rajhi Takaful offers a diverse range of motor insurance products tailored to meet the varying needs of our clients:



WAFI BASIC (TPL) MOTOR INSURANCE:

- Essential third-party liability coverage, with no cover for the policyholder's vehicle or personal injuries.
- Tailorable policy with standard and optional coverages.
- Discounts for no claims, multiple cars, and policy renewals.
- Sharia-compliant with an easy claim process and 24/7 support.



WAFI COMPREHENSIVE MOTOR INSURANCE:

- Comprehensive vehicle and third-party coverage, including windshields, fire, and theft.
- Rewards for accident-free records and loyalty discounts on renewal.
- Up to 60% No Claims Discount and additional discounts for multiple vehicles.
- Sharia-compliant with flexible solutions.



WAFI SMART MOTOR INSURANCE:

- Combines basic and comprehensive benefits at a reduced cost.
- Standard Third Party Liability coverage and one Own Damage Claim.
- Early Renewal Discount and zero depreciation on spare parts.
- Ideal for cost-effective comprehensive-like coverage.

Business Review

Health Insurance

Healthcare Insurance Striving for Distinction

In 2023, Al Rajhi Takaful made significant strides forward, aiming to become a leading player in health insurance, in addition to its established strengths in the other sectors in which it operates.

Al Rajhi Takaful has demonstrated a strong commitment to enhancing community health, recognizing the crucial role of good health in society. The Company has intensified its efforts to improve healthcare systems, applying its skills, resources, and expertise towards this important objective.

Al Rajhi Takaful's strategy in the healthcare insurance segment is comprehensive, focusing on customer-oriented healthcare solutions, strategic collaborations, digitalization, wellness and preventive care, efficient claims processing, market expansion, and consumer education.

These initiatives aim to improve the quality of healthcare coverage and accessibility for policyholders, while also fostering growth and success for Al Rajhi Takaful.

Al Rajhi Takaful Health Insurance positions itself as a guiding light of hope and security within Saudi Arabia, integrating faith with well-being. The Company is firmly established on the principles of Islamic cooperation and solidarity, offering a distinctive health insurance brand that caters specifically to the needs of individuals and families across the Kingdom. The Company understands that healthcare is a personal journey and is committed to honouring the values of its clients at every stage.

It provides Shariah-compliant plans, ensuring extensive coverage in accordance with Islamic principles. These plans are the product of an in-depth understanding of the local market and culture, resulting in innovative, accessible, and affordable healthcare solutions. Choosing Al Rajhi Takaful Health Insurance goes beyond the traditional scope of insurance; it's about gaining a partner in well-being. The Company's dedicated team of experts is readily available, offering guidance and support, and ensuring clients have the necessary resources for informed health-related decisions.

Al Rajhi Takaful distinguishes itself through its range of plans, flexible payment options, and a network of renowned healthcare providers. It simplifies the process of finding suitable coverage and extends its commitment to promoting healthy lifestyles and preventive care. This empowers clients to take proactive steps in managing their health. Al Rajhi Takaful Health Insurance stands not merely as an insurance provider but as a gateway to a future that is both healthier and community-centric. Opting for their services allows clients to invest in their own health while simultaneously fostering the well-being of the wider community. This approach underscores a commitment to collective health and prosperity, aligning individual needs with the larger societal good. Al Rajhi Takaful experienced remarkable growth of almost 70% in its health sector, due to enhanced customer satisfaction and technology improvements.

The Company's value-driven health services are designed to reduce medication costs while ensuring quality health outcomes. Al Rajhi Takaful has effectively maximised healthcare value, particularly in pharmaceutical expenditures. In 2019, the Company shifted its focus towards health insurance, aiming to capture a significant market share in a domain dominated by major players.

After a thorough analysis, Al Rajhi Takaful's market position in health insurance rose from 10th to 4th in 2023, increasing its market share from 2% to around 3%, highlighting the success of the Company's drive to grow this segment, with it now representing 23% of the Company's insurance revenue. Al Rajhi Takaful offers a range of products under corporate, SME, and individual categories. Innovations include the customisable SME version 2 product and a comprehensive mobile app integrating multiple insurance products. Additional services like vaccination at home and chronic disease management enhance customer experience. The Company retains around 67% of its customers, a testament to its trustworthiness. Improvements in NPS and CSAT scores reflect positive developments in customer relations.

Al Rajhi Takaful Health Insurance offers a variety of medical plans:

Corporate Plans: These are designed for corporates with 250+ employees, offering flexibility and customization to meet the specific needs of larger organizations.

SME Plans: Tailored for small and medium enterprises, these plans provide standard services and costs suitable for businesses with 1-250 employees.

Individual Plans: These cater to personal insurance needs, including travel, visit visa, and domestic helper coverage, all under the assurance of Sharia compliance.

The Company's strategic pivot towards health insurance and commitment to innovative, customer-centric solutions indicate a strong position for continued success and growth in the healthcare sector. As the Company looks ahead



to 2024 and beyond, they aim to continue identifying improvement areas, maintaining momentum, and targeting market share from the leading competitors.

The Company faced competition from dominant players and challenges related to provider margins and inflation. However, Al Rajhi Takaful introduced innovations in managing healthcare costs and expanded its digital offerings. The Company also focused on health equity in its policy development and strengthened relationships with healthcare providers. Balancing insurance revenue with profitability was a significant challenge, alongside addressing internal gaps for improvement, although both were successfully navigated.

Innovation has been a key driver in the Company's product offerings, introducing customisable products for the SME segment, allowing clients to tailor their plans to their needs. Al Rajhi Takaful's digital platform facilitates an efficient customer journey, and for more complex cases, the Company offers the option of in-person consultations. Sales are propelled through diverse channels, including brokers, telesales, and field sales, catering to a wide audience with varied needs, including visit visas, tourist visas, and domestic helpers.

In 2023, Al Rajhi Takaful launched a domestic helper insurance product, including comprehensive coverage, consisting of pre and post-hospitalisation, outpatient reimbursements, and in-patient treatment for medical and surgical procedures for domestic helpers.

Al Rajhi Takaful's initiatives and achievements underscore its dedication to improving healthcare delivery and outcomes. Al Rajhi Takaful's comprehensive approach in the past two years reflects a steadfast dedication to improving healthcare services and outcomes.

Plans for 2024 and Beyond:

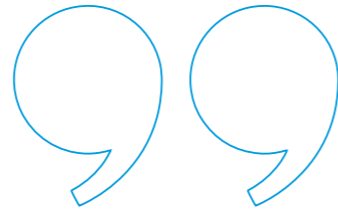
The Company aims to continue identifying improvement areas, maintaining momentum, and targeting market share from the leading competitors.

Business Review

General Insurance

GENERAL INSURANCE- PURSUING THE PINNACLE OF SUCCESS

Al Rajhi Takaful offers commercial lines insurance to various businesses in Saudi Arabia, ranging from micro entities to large Saudi corporations.



The Company's strategy is leveraging its dominant distribution and broker sentiment position to spur profitable growth. This involves continuously reassessing underwriting appetites to identify and exploit new growth opportunities.

Enhancing its product proposition, including speciality lines and aligning with its digital ambitions, is a crucial focus for the Company, designed to strengthen broker sentiment towards Al Rajhi Takaful. Investments have been made in resources and capabilities across various regions, and significant advancements have been made in improving systems and processes, such as the introduction of the broker claims portal, enabling customers to access their claims data anytime.

Al Rajhi Takaful has enhanced its analytical modeling capabilities, improving support for customers facing risks from disasters or catastrophes.



In 2023, Al Rajhi Takaful underscored its strong position in the market. That year marked a significant change in the company's core capabilities, particularly in cyber insurance, focusing on the Small and Medium Enterprise (SME) sector to expand in this market.

Al Rajhi Takaful's SME business grew by 65.3% in 2023, driven by enhancements in digital capabilities, data insights, automation, and increased underwriting capacity. The Corporate business saw 65.4% growth, propelled by clients addressing underinsurance due to a surge in interest in speciality insurance with more lead line propositions.

Staff efficiency improvements have also been prioritized, including decommissioning legacy IT platforms. This strategy has allowed staff to spend more time underwriting and customizing services to meet customer needs. Al Rajhi Takaful has established a significant presence in the Saudi Arabian insurance market, particularly within the General Insurance segment, prominently identified as Property & Casualty (P&C) Insurance.

This segment represents a pivotal aspect of the company's operations and showcases a trajectory of robust growth and strategic achievements. The financial growth within this segment is noteworthy. In 2022, the P&C segment achieved approximately SAR 550 million, which impressively grew to around 918 million in 2023.

This indicates a substantial growth rate of about 65%, highlighting the segment's expanding market reach and growing client base. This financial progression underscores the segment's considerable impact on Al Rajhi Takaful's financial health.

Al Rajhi Takaful's involvement in major national projects, including the Red Sea Project and Diriyah Gate, positions the company as a key player in supporting significant sectors like power, mining, and construction. These projects demonstrate the company's capability to underwrite large-scale and complex ventures, cementing its role in the national economic landscape.

The segment offers specialized policies across various industries, including Cyber, Marine, Energy, Construction, and Engineering. This diversified portfolio ensures that Al Rajhi Takaful provides comprehensive and tailored insurance solutions to meet the unique needs of both individual and corporate clients.

Embracing digital transformation, Al Rajhi Takaful has significantly enhanced its digital infrastructure. Introducing mobile applications and revamping its online presence are steps towards improving customer engagement and operational efficiency, making services more convenient and accessible.

Financial resilience is a crucial strategy for the P&C segment. The infusion of additional capital has bolstered the company's financial foundation, enhancing its ability to offer robust insurance solutions. Collaborations with leading global reinsurers and the A- rating from S&P in 2023 further reinforce the segment's market credibility and trustworthiness.

A strong emphasis is placed on the P&C Insurance segment's comprehensive product offerings, catering to a wide range of needs. Products like Travel, Medical Malpractice, Home and Cyber Retail Insurance are available for retail and individual clients, addressing various personal risks.

The commercial insurance products, designed for SMEs and corporate entities, include SME Package, Property, Engineering, Casualty, Marine, General Accident, Trade Credit, Cyber, and Directors & Officers Insurance, providing extensive coverage for diverse business risks.

The property & Casualty Insurance segment of Al Rajhi Takaful is a key component of the company's operations. It is characterized by dynamic growth, a commitment to digital innovation, and a dedication to providing comprehensive and customized insurance solutions. This segment's robust financial performance, diverse portfolio, and strategic industry collaborations underscore its position as a leading force in the Saudi Arabian insurance market, continuously striving to meet the evolving needs of its clients and contribute significantly to the broader economic framework.



Business Review General Insurance

Retail/Individual Insurance Products:

TRAVEL INSURANCE: Offers coverage for various travel-related risks, ensuring peace of mind during journeys.

MEDICAL MALPRACTICE INSURANCE: Protects individuals in the medical profession against liability arising from their services.

HOME INSURANCE: Covers a range of risks associated with home ownership, including property damage and liability.

CYBER RETAIL INSURANCE: Tailored to protect individuals from the growing risks of digital activities and online presence.

General Insurance
GWP (SAR mn) - 2022

555.7

General Insurance
GWP (SAR mn) - 2023

917.5



Commercial Insurance Products (SME and Corporate):

SME PACKAGE INSURANCE: A comprehensive package that covers a variety of risks faced by small and medium enterprises.

PROPERTY INSURANCE: Protects businesses against risks to their physical assets, such as buildings and equipment.

ENGINEERING INSURANCE: Offers coverage for risks associated with engineering projects and activities.

CASUALTY INSURANCE: Provides protection against liability claims resulting from accidents or negligence.

MARINE INSURANCE: Covers the risks of transporting goods and materials by sea.

GENERAL ACCIDENT INSURANCE: A broad coverage for various types of accidents that can occur in a business setting. Specialty – Trade Credit Insurance: Protects businesses against financial losses due to non-payment of commercial debt.

CYBER INSURANCE: Offers protection for businesses against digital threats and cyber-attacks.

DIRECTORS AND OFFICERS INSURANCE: Provides personal liability cover for Company directors and officers for claims made against them while managing a Company.

Business Review

Life Insurance

Dedication to Outstanding Achievement

Life Insurance

Al Rajhi Takaful has established itself as the leader in the life insurance industry, focusing on Protection and Savings products. Life insurance is vital in providing financial security to the policyholder's family in the event of passing; the Company's life insurance offerings are crafted to provide financial stability and emotional peace of mind, covering many life events and long-term planning needs, in accordance with Islamic principles.

Al Rajhi Takaful offers a range of life insurance products designed for economic security and flexibility. These products include options for guaranteed and non-guaranteed premiums, catering to those seeking fixed-term coverage. The policies provide:



Like variable life insurance, some policies allocate premiums to the Company's general account, offering safeguards against adverse investment experiences. Additionally, Al Rajhi Takaful provides general and separate account annuities, essential for retirement planning and pension liability transfers, suitable for individual and group clients.

Over the course of 2023, Al Rajhi Takaful launched its new sales journey, which included digitalising policy issuance. This significantly reduced the policy issuance time down from 14 days to 3 minutes, whilst also allowing new customers going through the onboarding process to submit their Know-Your-Client documents electronically. This grew the line of business customer base by around 600%, and doubling its gross written premium, which amounted to SAR 1,140 Mn for the protection and savings line of business.

FLEXIBILITY IN INVESTMENT CHOICES.

ALLOWING POLICYHOLDERS TO MANAGE THEIR PREMIUMS AND ACCOUNT BALANCES ACROSS VARIOUS INVESTMENT OPTIONS.

ALIGNING WITH THEIR RISK AND REWARD PREFERENCES.

The Company's robust distribution network, encompassing an exclusive agency network, direct marketing, and partnerships with brokers and independent agents, ensures widespread accessibility of its life, accident and health, and pension products. This diverse distribution strategy, combined with a comprehensive range of products, positions Al Rajhi Takaful as a reliable and adaptable insurance solution provider, meeting the varied needs of individuals, families, and businesses.

DIVERSE AND TAILORED PRODUCT RANGE:

The life insurance segment includes an array of products covering death, total permanent disability, accidental death, accidental total permanent disability, and critical illness. These products are tailored to support significant life decisions, including retirement planning, home ownership, and family expansion.

INNOVATIVE LIFE INSURANCE SOLUTIONS:

Al Rajhi Takaful has innovated within the life insurance sector, introducing specialized products like Marriage, Education and Retirement/Investment plans. These plans are strategically designed to cater to unique financial goals and offer protection against unexpected life event.



Business Review

Life Insurance

Corporate Insurance:

In the corporate insurance arena, Al Rajhi Takaful has made significant strides with innovative group insurance solutions, addressing the unique needs of businesses and organizations, and on boarding some large and major clients over the course of 2023.

COMPREHENSIVE STRATEGIC INSURANCE POLICIES:

The corporate segment includes Group Term Protection, Group Credit Protection, and Group Savings policies, which provide life insurance for groups, manage financial liabilities and support employee welfare and financial planning.

CUSTOMIZABLE CORPORATE INSURANCE SOLUTIONS:

These highly adaptable policies offer customization options to align with specific employer objectives and employee requirements, such as varying coverage scope, support types, and eligibility criteria.

PERFORMANCE AND DEVELOPMENT HIGHLIGHTS IN 2023:

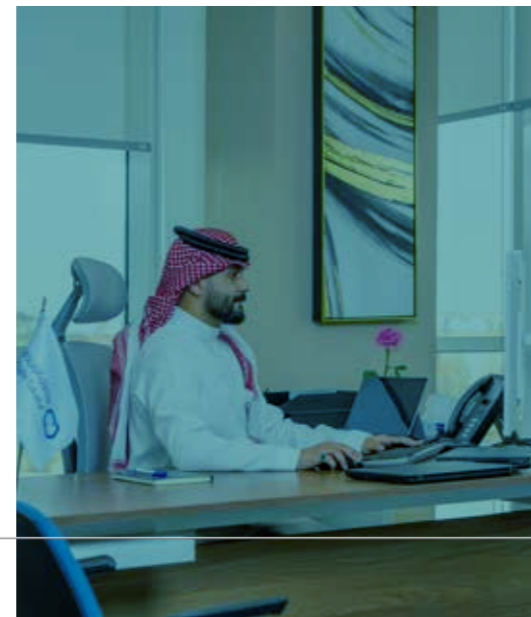
The year 2023 marked a period of significant growth and innovation for Al Rajhi Takaful in both life and corporate insurance sectors.

DIGITAL TRANSFORMATION:

Al Rajhi Takaful has made remarkable advancements in digitalizing its sales journey, greatly enhancing customer experience and policy management efficiency.

LAUNCH OF NEW PRODUCTS:

The introduction of the Single Premium life cover and updated individual insurance plans with additional riders like personal accident and GCC coverage has expanded the company's product portfolio.



Review

Actuarial Function

ACTUARIAL FUNCTION AND PRACTICES OVERVIEW:

The actuarial and underwriting functions at Al Rajhi Takaful interweave intricate internal processes and methodologies with broader business impacts, forming a cohesive framework essential for the Company's operation and development. This unified segment delves into how these two pivotal departments synergize to maintain financial stability, manage risks, and drive product innovation. Emphasis is on ensuring accurate liability reflection and safeguarding the Company's financial health.

INTERNAL PROCESSES AND METHODOLOGIES:

At the core, the actuarial function is dedicated to meticulously analyzing current and future liabilities, especially in the valuation of insurance contracts and employee benefit plans. This involves sophisticated reserving for claims, including provisions for claims, and the valuation of insurance contracts using internationally recognized actuarial modelling techniques. The department relies on empirical data current trends, such as frequency and severity analysis and predicted claims payment patterns, to ensure realistic future liability estimations.

BROADER BUSINESS IMPACT:

Beyond these internal methodologies, the actuarial and underwriting teams significantly influence Al Rajhi Takaful's broader business operations and product development. They are crucial in pricing and regulatory compliance, vital for introducing new insurance products and market expansion. Their achievements, such as the successful implementation of IFRS17 and the enhancement of medical insurance technical rate reviews, demonstrate their ability to adapt to regulatory changes and market demands.

These departments are not just about number-crunching; they are central to strategizing for future growth, including expanding the team and enhancing in-house capabilities to meet ambitious targets in competitive segments like medical insurance.

The harmonised efforts of the actuarial and underwriting departments at Al Rajhi Takaful underscore their importance in safeguarding the Company's financial health and steering its product portfolio. By balancing rigorous internal processes with a keen eye on market trends and product innovation, these teams ensure that Al Rajhi Takaful maintains its market-leading position and continues to evolve and grow in an ever-changing insurance landscape.

ACTUARIAL DEPARTMENT STRUCTURE AT AL RAJHI TAKAFUL:

The Actuarial and Underwriting departments at Al Rajhi Takaful are distinguished by their meticulous approach to managing the Company's key insurance operations. Central to their responsibilities is executing monthly business reviews and assessing expected liabilities, with a particular focus on claims. This process thoroughly analyses premium and claims data to ensure precise liability estimation.

A critical element of their function is the establishment of technical premiums for essential business lines, including motor and medical insurance. This practice sets the benchmarks for selling prices and aligns closely with market dynamics and customer expectations. The departments boast a team of highly skilled professionals, each contributing to various functions. These include reserving and pricing and ensuring compliance with new regulatory mandates, such as IFRS17.

This small yet efficient team underscores the departments' ability to adapt and respond to the evolving needs of the insurance industry, maintaining Al Rajhi Takaful's standing as a leader in the sector.

2023 Financial Performance Review

Insurance Revenue Growth

44%

Net Income Growth

353%

Charting a Progressive Course in Financial Leadership at Al Rajhi Takaful

At the outset of this chapter, it is with immense pride and a sense of accomplishment that I reflect upon the extraordinary year for Al Rajhi Takaful. This period is a testament to our exceptional strategic growth journey, marked by groundbreaking technological advancements and a robust financial performance that exceeded all expectations. Our achievements in this transformative year have set new benchmarks and carved a path for future innovations and successes. This past year has seen us undertake a series of calculated and forward-thinking initiatives, laying a solid foundation for our future and affirming our position as a leader in the insurance sector.

We embarked on a transformative journey in our digital and technological landscape, significantly enhancing our corporate website. This enhanced user experience and functionality, integrating a digital portal for third-party insurance and premium payments. This initiative highlights our commitment to embracing digital transformation in the insurance industry. Another groundbreaking advancement was the introduction of an e-card for motor insurance customers, a pioneering move in the local market, highlighting our innovative edge and underscores our commitment to environmental sustainability by reducing reliance on plastic.

The rapid technological changes offer us exciting opportunities for innovation. Staying ahead in utilizing data for accurate pricing and detecting insurance fraud is crucial.

We are harnessing these advancements to enhance customer engagement, product distribution, and maintain our competitive edge.

In my position, I recognize the importance of staying ahead in our rapidly evolving industry. The trends we're witnessing are not merely influencing the present dynamics of the insurance sector; they're actively sculpting its future trajectory. It's crucial for us to understand and adapt to these trends, as they play a vital role in guiding our strategic planning and enhancing our operational efficiency.

Financially, 2023 has been our most successful year, marked by a 70% growth in top-line revenue. We also achieved a significant milestone in our financial journey, with an increase in our Company's capital from SAR 400 million to SAR 1 billion, a clear indicator of our financial strength and confidence in the market. Our financial prowess was further demonstrated through a substantial surge in total revenues, shareholders' net income, and an impressive adjusted income from operations. These achievements are reflective of our efficient management and strategic investment decisions. Additionally, our focus on shareholder value was evident in the significant returns made through the different return matrices such as earnings per share, return on equity, and return on assets, showcasing our strong financial standing and confidence in our future growth trajectory.

Insurance Revenue

4,236mn_{SAR}

Net Income After Zakat

328mn_{SAR}

2023 Financial Performance Review (continued)

In 2023, the surplus of insurance operations amounted to 173 million thousand Saudi Riyals after deducting policyholders' investment income (operating results). This demonstrates a 89.9% change compared to the previous year's surplus.

Insurance Revenue

Insurance Revenue for 2023 reached SAR 4,236Mn billion, a 44.4% increase from the previous year.

Insurance Service Expenses

During the same period, Insurance Service Expenses amounted to SAR3,540 Mn. This represents a 42.1% change compared to the previous year's figures.

Net Investment Income

In 2023, the net investment income amounted to SAR269Mn, an 246.5% increase compared to the previous year.

Equally noteworthy is the performance of shareholders' investments. In 2023, the net income from shareholders' funds reached SAR37 million, a 29% change from the previous year's figure. These financial highlights provide a comprehensive picture of our financial performance, reflecting our commitment to fiscal responsibility and sustainable growth. Looking to the future, we are fully equipped to maintain our journey of sustainable growth. We have plans to further our collaborations with government entities and major corporations, particularly expanding our reach in travel insurance. We have strategically emphasized savings and protection products, including Shariah-compliant offerings. Our collaboration with Al Rajhi Bank has been a cornerstone in securing a substantial market share in these segments. Recognizing the challenges in customer service, we partnered with Tanfeeth, significantly improving customer satisfaction and experience.

Adapting to operational challenges and regulatory compliance was also a key focus in 2023. We successfully navigated complex tasks such as integrating with the government's Nafees system and transitioning to the new accounting

standards of IFRS17. These efforts were critical to ensure operational excellence and compliance with evolving regulatory frameworks.

Our plans are meticulously structured, and we focus on fully developing our core business system to support existing and new business volumes. This system is pivotal in enhancing our productivity and efficiency, aligning with our strategic objectives. Our investment in Information and Communication Technology (ICT) is thoughtfully planned to support our expansion and portfolio diversification and to streamline our operations. This approach enhances our value proposition to our customers and stakeholders.

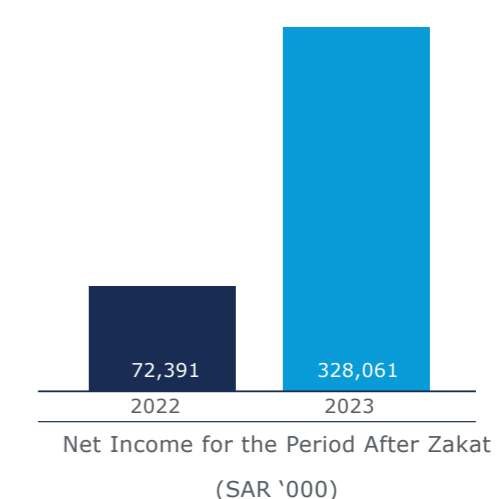
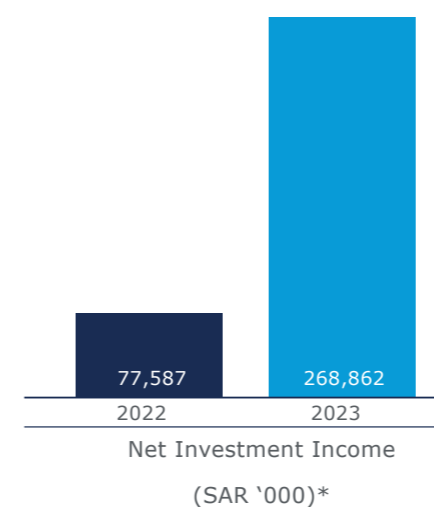
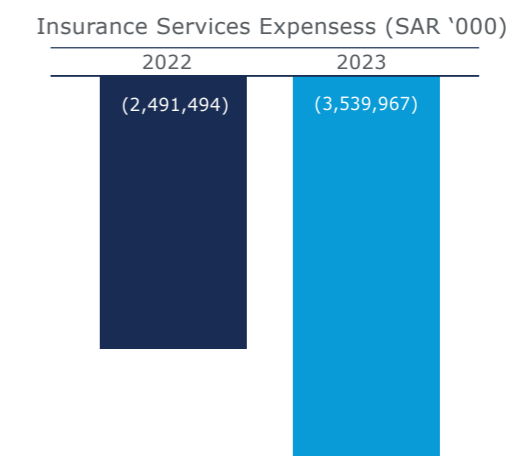
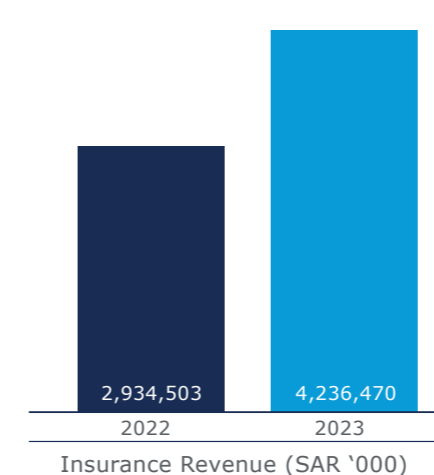
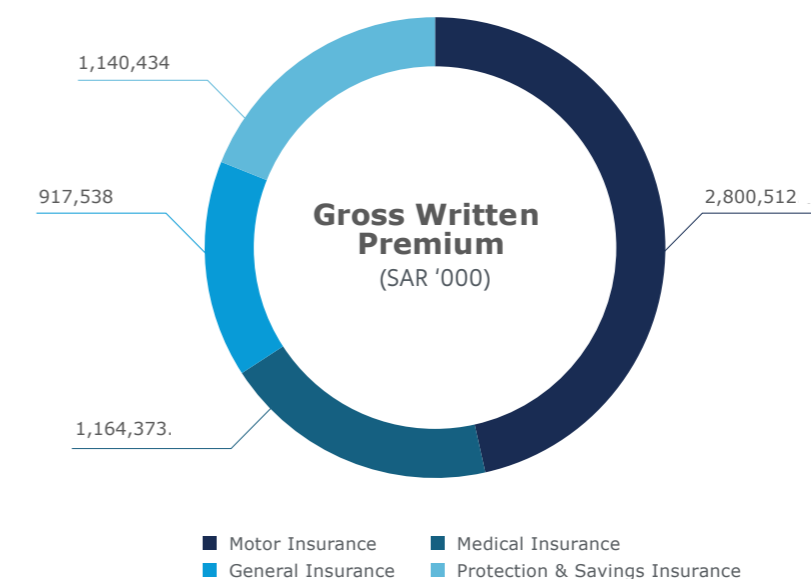
These decisions have fortified our current standing and charted a path for sustained growth and success in the coming years. Our unwavering commitment to innovation, customer satisfaction, and financial excellence will continue to drive our endeavours in the insurance industry.

I am excited for what the future holds for us; the growth of the market and the ever-growing opportunities presents us with the perfect platform to continue on our positive trajectory as we aim to become the number one insurance provider in Saudi.

In closing, I would like to thank the Board and the CEO for their continuous support which has allowed us to achieve such results, along with our dedicated workforce who helped make it happen.

And finally, I must also thank our shareholders for their continued trust and belief.

**Acting Chief Financial Officer
Muhammad Imran Bashir**



*The investment income includes SAR 114m (2022: -12m) related to the unit holders fund return.

Human Capital

In 2023, the Company’s HR Department undertook the transformative Human Capital Transformation Project, which significantly overhauled the organizational structure and operating model.

Anchored by a vision to craft a “Total Experience” with a distinctive proposition and a clear Employee Value Proposition, this initiative marked a year of strategic innovation and commitment to employee engagement. The department’s efforts in redefining the workplace and implementing effective talent management strategies have been crucial in cultivating a holistic employee experience, significantly contributing to attracting, developing, and retaining top talent, thereby driving the Company’s growth and success.

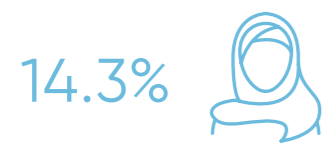
	2023	2022	2021
Total number of employees	778	721	724
% of female employees	14.3	10.8	9.0
% of Saudi employees	78.9	78.6	75.4

SAUDIZATION AND SOCIAL RESPONSIBILITY INITIATIVES

The Company actively engaged in the Saudization project, aligning with labour regulations, complemented by participation in the Tawtin program.

These initiatives provided various incentives and support to the Company and its employees. Remarkably, the Saudization rate at Al Rajhi Takaful reached an impressive 79%. This achievement underscores the Company’s effective implementation of its Saudization strategy, successfully integrating a substantial percentage of Saudi nationals into its workforce.

Committed to female empowerment, the Human Capital department significantly increased women’s representation in leadership roles, with a 14% increase in female employees over the last quarter, in line with Saudi Vision 2030 goals and targets.



This achievement underscores the company’s effective implementation of its Saudization strategy, successfully integrating a substantial percentage of Saudi nationals into its workforce.

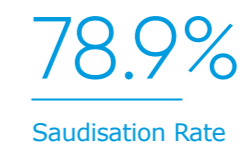
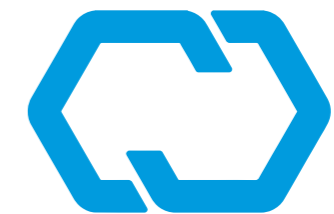
Grade	Male			Female		
	2023	2022	2021	2023	2022	2021
Senior Management (AVP to the chief)	31	33	26	1	1	1
Middle Management (Manager to director)	105	111	120	17	9	4
Other (<Manager)	531	499	513	93	68	60

FOSTERING A HIGH-PERFORMANCE ORGANIZATIONAL CULTURE

The HR Department is committed to fostering an organizational culture that values talent, encourages learning, and drives high performance.

This included implementing effective talent management strategies to attract, develop, and retain top performers, recognizing their critical role in the success and growth of the Company.

The HR Department introduced a Total Rewards Strategy to align with strategic goals, to position the Company to fully benefit from its ambitious strategy fully, ensuring rewarding career progression opportunities.



Human Capital (continued)

A landmark initiative was the launch of a Leadership Development Program for the Company's CXOs in collaboration with Mohammed Bin Salman College

Employees by age and gender

Increase in total salary expenses in 2023

9.7%

% of employees with a tenure of 11-15 years

6.5%

STRENGTHENING SKILLS AND LEADERSHIP

A landmark initiative was the launch of a Leadership Development Program for the Company's Company Experience Officers in collaboration with Mohammed Bin Salman College.

This program was designed to strengthen leadership skills in coalition-building, influence, and the constructive use of power.

The HR Department promoted a culture of accountability within the Company, rewarding performance and initiative, which was part of a broader strategy to build capabilities in key areas essential for delivering on the Company's strategic priorities and enhancing leadership at all levels.

EMPLOYEE ENGAGEMENT AND INTERNAL ACTIVITIES

Annually, Al Rajhi Takaful conducts an employee engagement survey to assess satisfaction levels, using the results to develop action plans that are communicated to the Head of Development for addressing areas of low engagement.

Service analysis of workforce

Number of years of service	Male			Female		
	2023	2022	2021	2023	2022	2021
0-5 years	480	493	503	105	74	60
6-10 years	136	106	120	6	4	5
11-15 years	51	44	36	0	0	0

The HR Department initiated a range of internal activities focused on employee engagement, celebrating key events such as the Saudi Founding Day and Saudi National Day, organizing events like Ramadan Iftar, and fostering a sense of community and belonging among the workforce.

Employees by category

Category	2023	2022	2021
Permanent	778	721	724
Outsourced	78	71	42
Total	856	792	766

TRAINING STRATEGY FOR TALENT DEVELOPMENT

The Human Capital team initiated several key programs, including a Training Needs Analysis, encouragement of proactive annual leave planning, and workload analyses across departments to assess staffing needs and manage work pressures.

As part of its Human Capital strategy, the organization emphasized talent development with a comprehensive training plan for the next year, including TNA, IDP, HiPo program, and a Succession Program.

Hours of Training by Grade

Grade	Total hours	Hours of training	%
Senior Management	778	67	8
Middle management	29	160	19
Other	4,444	627	73

4232
Hours spent on training

1152
Training days

648
Trained staff

Training programme, participants and time

	2023	2022
No. of training programmes	21	14
Total no. of participants	854	706
Training days	1,152	488
Hours spent on training	4,232	3,904
No. of trained staff	648	678

Hours of training that the Company's employees have undergone during the year, by gender, employee category and skills type

Type	Number of employees			Number of person hours of training		
	Male	Female	Total	Male	Female	Total
Mandatory	546	68	614	4.2	4.2	8.4
Non-Mandatory	215	25	240	6.9	6.6	13.5



Human Capital

 (continued)

Training programme, participants and time

Type	Number of employees			Number of person hours of training		
	Male	Female	Total	Male	Female	Total
Senior Management (AVP to chief)	29	1	30	655	23	678
Middle Management (Manager to director)	105	17	122	1017	165	1182
Other (<Manager)	529	92	621	3786	658	4444

Type	No. of persons trained	Hours training
Technical skills	191	1262
Soft skills	663	2970

Parental Leave

Gender	Employees who availed parental leave
Male	31
Female	5

HR POLICIES AND PROCEDURES

The Company undertook extensive capacity planning across all its business units, driven by the HR Department's initiatives.

This was essential in ensuring operational efficiency and effectiveness in performing desired functions.

A comprehensive review of the HR manual and HR Policy was conducted by the HR Department, ensuring that the Company's practices and policies were in line with its strategic vision and evolving workforce needs.

Return to work after parental leave by gender

	Female	Male
No. of employees who took parental leave	5	31
No. of employees who returned to work after parental leave	5	31
No. of employees who returned to work after parental leave who were still employed 12 months after return	5	31

Employees by region/grade

Region	Senior Management	Middle management	Other	Total
Central	32	117	563	712
East	0	2	29	31
South	0	0	5	5
West	0	3	27	30

1262

Hours technical skills trained

2970

Hours soft skills trained

36

Employees who took parental leave

Sustainability

Transitioning Towards Sustainable Futures

TRANSITIONING TOWARDS SUSTAINABLE FUTURES

Al Rajhi Takaful is reshaping its role as a trusted financial partner by not only helping clients make informed decisions for their life and business goals, but also steering them towards a sustainable future. The Company has enhanced its offerings by developing advanced financial health solutions and evolving its digital services for enterprise clients. This transformation is part of its commitment to sustainable development, evident in its dedication to reducing environmental impact and promoting community welfare.

Integrating sustainability into its business model is at the heart of Al Rajhi Takaful's strategy. By leveraging digital capabilities, the Company streamlines service delivery and optimizes capital allocation, enhancing customer experiences with simplified, automated processes. This dig-



ital transition is a step towards environmental conservation, reducing paper usage and waste.

Furthermore, Al Rajhi Takaful places significant emphasis on its workforce, with initiatives for employee engagement, human capital development, and health and welfare programs. These efforts reflect the Company's commitment to its employees' well-being.

The Company's comprehensive approach focuses on providing robust financial solutions, fostering environmental and community sustainability, prioritizing employee well-being, and actively contributing to societal development. This holistic strategy positions Al Rajhi Takaful at the forefront of fostering sustainable futures for its clients, employees, and the broader community.

Sustainability (continued)

Al Rajhi Takaful places significant emphasis on its workforce, with initiatives for employee engagement, human capital development, and health and welfare programs.



EMPLOYEE ENGAGEMENT

Al Rajhi Takaful has proactively assessed employee feedback through annual surveys. This led to the development of tailored action plans in 2023, focusing on performance management, learning and development, and talent management. These plans were approved by the People Council, which aims to involve C-Level and leadership teams in talent development practices.



LEAVE POLICY:

Al Rajhi Takaful offers a generous leave policy, including standard medical, casual, and annual leaves and additional leaves for special occasions like Hajj, marriage, and childbirth. Celebratory payments, messages, and gifts often accompany these leaves.



HUMAN CAPITAL DEVELOPMENT

Over 120 participants, including executive and senior management, attended training sessions focusing on the relevance of Environmental, Social, and Governance (ESG) factors. These sessions, led by experts with extensive experience, aimed to integrate ESG principles into the organization's operations.



CSR INITIATIVES IN THE HEALTH SECTOR

Beyond its business operations, Al Rajhi Takaful actively engages in community development and corporate social responsibility. The Company sponsors sports events, participates in initiatives like Purple Saturday, and collaborates with organizations like Najm on awareness campaigns. These activities underscore its commitment to societal welfare and community development. Al Rajhi Takaful's Corporate Social Responsibility (CSR) efforts have focused primarily on the health sector. Collaborations with the Ministry of Health and the independent Civil Health Endowment Fund have contributed to medical facilities, treatments, and general healthcare access. Notably, the organization sponsored the establishment of Al Rajhi Takaful Diabetes Center.



Sustainability (continued)

This comprehensive strategy indicates Al Rajhi Takaful’s commitment to its employees, stakeholders, and the community. It aligns with corporate social responsibility’s broader goals and sustainable development.

DIGITAL TRANSFORMATION FOR ENVIRONMENTAL SUSTAINABILITY

The Company is making strides in sustainability by integrating technology into its operations. The transition to digital files and documentation is a key initiative to reduce the reliance on physical materials, significantly cutting down waste. The Company is proactively encouraging its customers to adopt paperless transactions; customers are now offered options like receiving electronic statements, filing claims online, and accessing plan details through digital platforms. These digital services provide customer convenience and play a crucial role in reducing paper consumption, thereby aiding environmental conservation. By incorporating these digital solutions, Al Rajhi Takaful is enhancing its operational efficiency and fostering a culture of sustainability among its clients and stakeholders, aligning with global environmental conservation efforts



EMPLOYEE HEALTH AND WELFARE INITIATIVES

- 1. Employee Health and Well-being:** Al Rajhi Takaful prioritizes the health of its employees through initiatives like flu vaccine campaigns and offering VIP health coverage for staff, reflecting the same high level of care provided to its clients. This approach ensures a healthy and motivated workforce.
- 2. Community Engagement and Corporate Social Responsibility (CSR):** The Company actively engages in community events, notably sponsoring major sporting events in Saudi Arabia, which promotes community spirit and sportsmanship. The involvement in CSR initiatives like Purple Saturday, discounted products for individuals with disabilities, and partnerships with organizations like Najm for awareness campaigns demonstrate Al Rajhi Takaful’s commitment to inclusivity and addressing significant social issues.
- 3. Incorporating Environmental Considerations into Daily Operations:** Al Rajhi Takaful integrates environmental considerations into daily activities, promoting sustainable energy solutions and fostering a culture of health and wellness. This reflects the Company’s awareness of its environmental impact and responsibility towards ecological conservation.



Sustainability (continued)

Al Rajhi Takaful's dedication to environmental stewardship is evident in its aggressive pursuit of operational sustainability goals.

Overall, Al Rajhi Takaful's approach in 2023 is holistic, addressing various aspects of social responsibility, environmental stewardship, and community engagement. The Company's initiatives in improving client financial health, embracing technology and data, and prioritizing employee and community welfare underscore its commitment to sustainable development, positioning it as a socially responsible and environmentally conscious organization dedicated to benefiting its clients, employees, and the wider community.

1. SPONSORSHIP OF MAJOR FOOTBALL EVENTS

Al Rajhi Takaful has significantly fostered community spirit and sportsmanship by sponsoring major football events in Saudi Arabia. These sponsorships go beyond mere financial support; they represent the Company's commitment to promoting health, fitness, and unity through sports. Al Rajhi Takaful's involvement in these events includes branding, publicity, and engaging activities for attendees, such as interactive booths and financial literacy workshops. The Company also provides opportunities for young talent to interact with sports icons, fostering inspiration and motivation. These sponsorships have a dual impact: enhancing Al Rajhi Takaful's visibility and contributing positively to community well-being and sports development.

2. ENGAGEMENT IN PURPLE SATURDAY INITIATIVE

Al Rajhi Takaful actively participated in Purple Saturday, an initiative to support individuals with disabilities. This involvement is not limited to offering discounted products; it extends to creating awareness about the challenges faced by this segment of the community. The Company organizes special events and workshops on Purple Saturday to educate the public about disabilities and promote inclusiveness. Additionally, Al Rajhi Takaful collaborates with local organizations to provide financial advice and insurance solutions tailored to meet the unique needs of individuals with disabilities, ensuring their financial security and independence.

3. COLLABORATION WITH NAJM FOR AWARENESS CAMPAIGNS:

Partnering with Najm, Al Rajhi Takaful engages in awareness campaigns to promote safety and responsible behaviour. These campaigns focus on various aspects of community well-being, including road safety, financial literacy, and environmental consciousness. Through seminars, workshops, and interactive online content, Al Rajhi Takaful and Najm educate the community on the importance of safe driving practices, the benefits of insurance, and sustainable living. The campaigns also involve distributing educational materials and safety gear, contributing to a safer and more informed community.

PLANS FOR COMMUNITY AND ENVIRONMENTAL SUSTAINABILITY:

In 2024, Al Rajhi Takaful plans to expand its role in social responsibility events and activities, reinforcing its commitment to community development.

Al Rajhi Takaful's enhanced sustainability approach reflects a deep commitment to creating a healthier environment and promoting community engagement. Through focused efforts in reducing environmental impact and embracing digital transformation, Al Rajhi Takaful is setting a benchmark in the insurance industry for sustainable practices. The Company's environmental stewardship and digital innovation initiatives exemplify its dedication to sustainability and its role as a responsible corporate citizen.

Al Rajhi Takaful's Comprehensive Sustainability Strategy: Focusing on Employee Welfare, Community Engagement, and Environmental Stewardship.



Governance

04

Governance

101



Corporate Governance

For the period from 1 January 2023 to 31 December 2023



The Board of Directors of Al-Rajhi Cooperative Insurance Company (Al-Rajhi Takaful) is pleased to present to the honorable shareholders its annual report accompanied by audited financial statements and notes for the fiscal year ending on 31 December 2023, including the most significant developments, financial outcomes, operating activities, and disclosures in accordance with the By-laws and regulations.

1. COMPANY'S PROFILE:

Al-Rajhi Company for Cooperative Insurance "Al-Rajhi Takaful" (the Company) was established with a paid-up capital of 200 million Saudi riyals, which increased to 400 million Saudi riyals in 2015, In 2023, the capital was increased to 1 billion Saudi riyals. It is a Saudi public joint-stock company that was established pursuant to the Royal Decree No.: R/35, dated 27/06/1429 AH, corresponding to 01/07/2008 AD and the Ministerial Resolution No. 182, dated 07/06/1429 AH. The Company was established in Riyadh with the Commercial Register No. 1010270371, dated 05/07/1430 AH- 28/06/2009 AD, which is authorized to practice the insurance activities by the Insurance Authority under license No. (T N M/22/200911), dated 29/11/1430 AH - 17/11/2009 AD.

Al-Rajhi Takaful Company has provided the Saudi market over the past years with a variety of insurance services such as vehicle insurance, health insurance, property insurance, personal injury insurance, protection and savings insurance, and general insurance services, in addition to many other insurance products. The company also provides a range of innovative and renewable insurance solutions for individuals, small and medium enterprises and the corporate sector. Al-Rajhi Takaful is proud of its continuous commitment to the principles and values that enhance its excellence in customer care in all its dealings.

2. COMPANY'S STRATEGY:

Al-Rajhi Takaful is investing the promising opportunities within the market in light of the anticipated economic developments for the Kingdom's Vision 2030, and working to overcome the challenges in the market by harnessing all available resources, on top of which is the work team that has high and global experience in the field of insurance, enhanced by a range of distinctive insurance products, which have been marketed through multiple sales channels and keeping pace with the changes including the digital transformation and harnessing the technical capabilities in order to achieve the aspirations of customers, both individuals and corporate, to reach the desired goal to make Al-Rajhi Takaful the leading company in the field of insurance.

In the near future Al-Rajhi Takaful will have completed its digital transformation program that will create state-of-art digital solutions in all aspects such as customer service, product offering, strategic partnerships and seamless customer journeys.

3. SIGNIFICANT DEVELOPMENTS DURING THE FISCAL YEAR ENDED ON 31 DECEMBER 2023

A. ORDINARY GENERAL ASSEMBLY:

Al-Rajhi Cooperative Insurance Company (Al Rajhi Takaful) announces the results of the Ordinary General Assembly meeting (the first meeting), which was held at 19:45 PM, 04-12-1444 AH Corresponding to 22-06-2023 through modern technology means

1. Approving the Board of Directors' report for the fiscal year ending 12/31/2021.
2. The Board of Directors' report for the fiscal year ending 12/31/2022 was viewed and discussed.
3. Approved on the Company's auditors 'report for the fiscal year ending 12/31/2022 after discussion.
4. Approved on the Board of Directors' resignation for the fiscal year ending 12/31/2022.
5. Approved on the remuneration of the Board of Directors for their membership for a total amount of (SR 1,693,000) for the fiscal year ending 31/12/2022.
6. Approved on appointing the Company's auditors among the candidates and fixing their fees, based on the recommendation of the Audit Committee, to inspect, review and audit the financial statements for the second and third quarters and the annual statements for the fiscal year 2023 and the first quarter of the fiscal year 2024.
 - 1- El Sayed El Ayouty MOORE.
 - 2- Dr. Mohamed Al-Amri & Co. BDO
7. Approved on delegating to the Board of Directors, the General Assembly's powers stipulated in paragraph (1) of Article (27) of the Companies Law, for a period of one year from the General Assembly's approval,

or until the end of the Board of Directors' term whichever is earlier, in accordance with the terms stated in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

8. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Al-Rajhi Bank, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, and the board members: Mr. Waleed Abdullah Al Mogbel, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the board member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to SR 718,691.

9. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Al-Rajhi Capital Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, the Board Members: Mr. Waleed Abdullah Al Mogbel, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the board member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 1,544 thousand riyals.

10. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Al-Rajhi Capital Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, and Board Members: Mr. Waleed Abdullah Al Mogbel, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the board member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is income and fees for investment funds, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 12,776 thousand riyals.

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

11. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Fursan Travel Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 1,671 thousand riyals.

12. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Fursan Travel Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is travel services for the Company's staff, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 1,592 thousand riyals.

13. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Al-Farabi Petrochemical Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, the Vice Chairman Mr. Saud Abdullah Al-Rajhi, and the Board Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any

preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 19,306 thousand riyals.

14. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and Marami Food Industries Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 280 thousand riyals.

15. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and the Digital Trip Company, in which the Chairman Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 98 thousand riyals.

16. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and the Takatuff Holding Group, in which the Chairman of the Board of Directors Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board

Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 81 thousand riyals.

17. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and the Green Vision, in which the Chairman of the Board of Directors Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 39 thousand riyals.

18. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and the Homeland Legacy Real Estate Development Company, in which the Chairman of the Board of Directors Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 370 thousand riyals.

19. Approved on the contracts and business between Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful) and the Jeddah Legacy Real Estate Development Company, in which the Chairman of the Board of Directors Mr. Abdullah Sulaiman Al-Rajhi, the Vice-Chairman Mr. Saud Abdullah Al-Rajhi, and the Board Member Mr. Naif Abdullah Al-Rajhi have an indirect interest, which is insurance policies, and to be licensed for the coming year without any preferential terms or advantages, noting that the value of transactions during the year 2022 amounted to 1 thousand riyals.

B. EXTRAORDINARY GENERAL ASSEMBLY:

Al-Rajhi Cooperative Insurance Company (Al-Rajhi Takaful) announces the results of the Extraordinary General Assembly meeting, which includes the first meeting for increasing the company's capital, conducted online. which was held at 18:30 PM, 19-05-1445 AH Corresponding to 03-12-2023.

1. Approving the Board recommendation to increase the Company's capital by granting free shares according to the following:

- Capital before increase: 400,000,000 SAR. Capital after increase: 1,000,000,000 SAR. Increase Percentage: 150%.
- Number of Shares before Increase: 40,000,000. Number of Shares after Increase: 100,000,000.
- This recommendation aims to enhance the Company's funding to achieve strong growth rates at the next years.
- The increase will be made through capitalization of 600,000,000 SAR from Retained Earnings account by granting 1.50 shares for each share.
- Total amount of increase: 600,000,000 SAR

• In case of shares fractions, the company will collect all fractions in one portfolio to be sold at market price; then their value to be distributed to eligible shareholders as per their share within a period not exceeds 30 days from the allocation of new shares to each shareholder.

• In case of capital increase is approved by the Company shareholders during the Extraordinary General Assembly meeting, the eligibility of bonus shares shall be for shareholders owning shares at the end of the trading day of the Company's General Assembly meeting and are registered in the Company's Shareholders Registry at the Securities Depository Center (Edaa) at the end of the second trading day after the Extraordinary General Assembly meeting.

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

Amending Article No. (8) of ART AoA related to Capital.

1. Approving amending Article No. (1) of ART AoA related to Incorporation.
2. Approving amending Article No. (14) of ART AoA related to Decrease of Capital.
3. Approving amending Article No. (15) of ART AoA related to Management of the Company.
4. Approving amending Article No. (16) of ART AoA related to Termination of Board Membership.
5. Approving amending Article No. (17) of ART AoA related to Board Vacancies.
6. Approving amending Article No. (22) of ART AoA related to Quorum of the Board Meetings.
7. Approving amending Article No. (24) of ART AoA related to Agreements, Contracts, Conflict of Interests and Company Competition.
8. Approving amending Article No. (26) of ART AoA related of The Constituent Assembly.
9. Approving amending Article No. (27) of ART AoA related to Authorities of the Constituent Assembly.
10. Approving amending Article No. (28) of ART AoA related to Authorities of the Ordinary General Assembly.
11. Approving amending Article No. (29) of ART AoA related to Authorities of the Extraordinary General Assembly.
12. Approving amending Article No. (30) of ART AoA related to Calling General Assemblies.
13. Approving amending Article No. (31) of

- ART AoA related to Register of Participation in Assembly Meetings.
14. Approving amending Article No. (32) of ART AoA related to Quorum for the Ordinary General Assembly Meetings.
 15. Approving amending Article No. (33) of ART AoA related to Quorum of the Extraordinary General Assembly Meetings.
 16. Approving amending Article No. (34) of ART AoA related to Voting at Assemblies.
 17. Approving amending Article No. (35) of ART AoA related to Assembly Resolutions.
 18. Approving amending Article No. (36) of ART AoA related to Discussion at Assemblies.
 19. Approving amending Article No. (37) of ART AoA related to Chairing General Assemblies and Drafting Minutes
 20. Approving amending Article No. (38) of ART AoA related to Board Committees.
 21. Approving amending Article No. (39) of ART AoA related to Appointment of the Auditors.
 22. Approving amending Article No. (40) of ART AoA related to Authorities of the Auditor.
 23. Approving amending Article No. (41) of ART AoA related to Obligations of the Auditor.
 24. Approving amending Article No. (42) of ART AoA related in The Fiscal Year.
 25. Approving amending Article No. (43) of ART AoA related to Financial Documents.
 26. Approving amending Article No. (44) of

- ART AoA related to Insurance Accounts.
27. Approving amending Article No. (45) of ART AoA related to Zakat, Reserves, and Distribution of Profits.
 28. Approving amending Article No. (46) of ART AoA related to Entitlement of Dividends.
 29. Approving amending Article No. (47) of ART AoA related to the Company losses.
 30. Approving amending Article No. (48) of ART AoA related to Company's Liability.
 31. Approving amending Article No. (49) of ART AoA related to Board Members' Liability.
 32. Approving amending Article No. (50) of ART AoA related to Termination of the Company.
 33. Approving amending Article No. (51) of ART AoA related to Companies Law.
 34. Approving amending Article No. (52) of ART AoA related to Publication.
 35. Approving amending Article No. (52) of ART AoA related to Publication.

b. Significant developments related to the Insurance Authority during the fiscal year ending on 31 December 2023:

1. All powers related to the insurance sector is transferred from the Saudi Central bank (SAMA) to the Insurance Authority (IA) as in 11/23/2023.
2. The company has received approval for Individual Wealth Master insurance product for individual. Approval date 03/02/2023.
3. The company has received approval for Aviation Hull & all Risk insurance product for group clients. Approval date 02/05/2023.
4. The company has received approval for Political Violence insurance product for group clients. Approval date 08/02/2023

c. Significant developments related to the Health Insurance Council during the fiscal year ending on 31 December 2023:

The company's CHI qualification renewed through the website on 01/01/2023 for one year started from 03/01/2023.

d. Significant developments related to the strategic agreements concluded with the company during the fiscal year ending on 31 December 2023:

There are no significant developments related to the strategic agreements concluded during the fiscal year ending on 31 December 2023.

e. Important developments related to the membership of the Board of Directors:

There are no significant developments related to the membership of the Board of Directors during the fiscal year ending on December 31, 2023.

4. Description of major types of activities, plans, decisions and future expectations for the company's business: Awaiting Finance input here – to be shared after FS are published.

The company has carried out the insurance activity in the Kingdom of Saudi Arabia according to the following classification:

- General insurance: It includes a number of products, including but not limited to, vehicle insurance, engineering insurance, fire, general accident policies, marine insurance, and insurance against medical errors.
- Health insurance: It includes providing health insurance programs for small, medium and large groups in line with the market needs and consistent with the Council of Cooperative Health Insurance system.
- Protection and savings insurance: It includes providing insurance and savings programs for individuals and groups, including but not limited to investment, education, retirement, group insurance and debt insurance.

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

A statement of results of these sectors and their impact on the volume of business and their contribution to the company's outcomes for the year 2023 is detailed as follows:

Outcomes of the company's sectors for the year 2023 in thousands of Saudi riyals:

Income Statement	Motor	Medical	General	Protection & Saving	Total
Insurance revenue	2,304,745	985,282	732,269	214,174	4,236,470
Insurance service expenses	(1,913,330)	(1,020,502)	(500,243)	(105,892)	(3,539,967)
Insurance service result before retakaful / reinsurance contracts held	391,415	(35,220)	232,026	108,282	696,503
Allocation of retakaful / reinsurance contributions	(13,052)	-	(735,720)	(78,213)	(826,985)
Amounts recoverable from retakaful / reinsurance for incurred claims	(328)	-	451,629	(2,069)	449,232
Net (expense) / income from retakaful / reinsurance contracts held	(13,380)	-	(284,091)	(80,282)	(377,753)
Insurance service result	378,035	(35,220)	(52,065)	28,000	318,750
Finance (expense) / income from insurance contracts issued	(33,052)	(10,788)	(14,871)	(116,074)	(174,785)
Finance income from retakaful / reinsurance contracts held	(117)	-	25,088	3,591	28,562
Net finance (expenses) / income	(33,169)	(10,788)	10,217	(112,483)	(146,223)

Income Statement	Motor	Medical	General	Protection & Saving	Total
Net Insurance	344,866	(46,008)	(41,848)	(84,483)	172,527
Income on financial assets at fair value	-	-	-	-	25,495
Income on financial assets at amortised cost and short-term deposits	-	-	-	-	129,749
Fair value gain of unit-linked investments	-	-	-	-	114,009
Net credit impairment losses on financial assets	-	-	-	-	(391)
Net investment income	-	-	-	-	268,862
Net insurance and investment result	-	-	-	-	441,389
Other operating expenses	-	-	-	-	(103,975)
Other income	-	-	-	-	90
Net income for the period before zakat	-	-	-	-	337,504
Provision for zakat	-	-	-	-	(9,443)
Net income for the period after zakat	-	-	-	-	328,061

The impact of these main activities on the company's business volume in thousands Saudi riyals and its contribution to the results is detailed as follows:

Type of insurance	Gross Written Premium	Percentage%
Motor Insurance	2,800,512	46.50%
Medical insurance	1,164,373	19.33%
General insurance	917,538	15.23%
Protection and savings insurance	1,140,434	18.94%
Total	6,022,857	100.00%

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

5. Description of significant schemes, decisions, future expectations and risks of the company's business:

In line with the general strategy of the company and the directives of the Board of Directors, the company's management exerts great efforts to enhance its technical capabilities, and develop human resources. In addition to work on e-business applications and raise the efficiency of the infrastructure in order to fulfill its technical capacity and increase its share in the local market, geographical spread, and improve performance in the departments of subscription, claims, marketing and sales to ensure better outcomes.

Additionally, the Human Resources Department has been concerned with attracting competencies in order to support the technical and administrative company's staff, along with adhering to the rates determined by the regulatory authorities regarding Saudization by virtue of a well-informed plan, with its application at all administrative levels of the company. Accordingly, the company anticipates encountering several future risks that could affect its business, namely:



a. Regulatory Risks:

The Transition from SAMA to Insurance Authority & the adaptation of the frequent regulatory updates and changes.

b. Market Changes and Competition:

The market's approach towards digital platforms has required us to accelerate our digital transformation strategies to meet customer expectations and expand our reach. The entry of international players will also intensify competition.

c. Cybersecurity:

Responding to the sophisticated and evolving nature of cyber-attacks. Aligning cybersecurity practices with strict and ever-changing regulatory requirement

d. People:

- Compliance with Saudization requirements, especially for roles requiring specialized skills.
- Retaining top managerial talent in a competitive job market.
- Mitigating high turnover rates that can disrupt strategic continuity and operational efficiency.
- Attracting high-caliber professionals in a market with intense competition for skilled personnel.

However, Al Rajhi takaful Management Team is prioritizing the management and mitigation of these risks. Strategically, the company is developing a new strategy that takes these challenges into account.

6. Financial Outcomes

An analysis of the total assets, liabilities, income and expenses of the company's Takaful operations for the year 2023 in thousands Saudi riyals compared to previous years is detailed as follows:



6-1 List of Assets and Liabilities as in	2019*	2020*	2021**	2022**	2023**
Total assets	3,603,274	4,360,262	4,072,773	4,331,174	6,824,187
Total liabilities	2,728,055	3,247,881	2,745,897	3,003,814	5,101,401
Total equity	875,219	1,112,381	1,326,876	1,327,360	1,722,786
Total liabilities and equity	3,603,274	4,360,262	4,072,773	4,331,174	6,824,187

* IFRS4
** IFRS17

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

6.3 List of Shareholders' Operations	2019	2020	2021
Management fees for managing Takaful operations	241,195	298,019	289,905
Management fees related to the operating activities of the shareholders	86,819	235,431	91,064
Investment and other revenues	22,066	16,415	24,319
Total revenue	350,080	549,865	405,288
General and administrative expenses	-241,195	-298,019	-289,905
Net income for the period before Zakat	108,885	251,846	115,383
Zakat provision	-22,700	-24,800	-16,912
Net income for the period after Zakat	86,185	227,046	98,471
Profit per share (SAR) after Zakat	2.15	5.68	2.46

6-2 List of Takaful Operations' outcomes	2019	2020	2021
Total subscribed Takaful contributions	2,569,804	2,732,873	2,759,590
Net subscribed Takaful contributions	2,436,136	2,316,152	2,207,727
Net earned Takaful contributions	2,639,011	2,332,958	2,261,039
Reinsurance commissions and other revenues	11,661	25,712	42,314
Total subscribed revenues	2,650,672	2,358,670	2,303,353
Total paid claims	(2,331,524)	(1,493,216)	(1,785,465)
Net incurred claims	(2,208,377)	(1,604,466)	(1,722,155)
Costs of insurance policies subscription	(110,352)	(149,515)	(191,027)
Other expenses	(49,261)	(63,742)	(63,661)
Total claims and other expenses	(2,367,990)	(1,817,723)	(1,976,843)
Subscription surplus for the period	282,682	540,947	326,510
Provision of doubtful debts	(17,759)	(44,143)	5,748
Investments and other revenues	72,738	62,805	58,829
Management fees for managing Takaful operations	(241,195)	(298,019)	(289,905)
Net surplus for the period/year	96,466	261,590	101,182
Management fees relevant to the operating activities of the shareholders	(86,819)	(235,431)	(91,064)
Net surplus distributable to policyholders	9,647	26,159	10,118

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

6.4 List of Income Statements (IFRS 17) 2022-2023	2022	2023
Insurance revenue	2,934,503	4,236,470
Insurance service expenses	-2,491,494	-3,539,967
Insurance service result before retakaful / reinsurance contracts held	443,009	696,503
Allocation of retakaful / reinsurance contributions	-464,378	-826,985
Amounts recoverable from retakaful / reinsurance for incurred claims	80,184	449,232
Net (expense) / income from retakaful / reinsurance contracts held otal paid claims	-384,194	-377,753
Insurance service result	58,815	318,750
Finance (expense) / income from insurance contracts issued	25,359	-174,785
Finance income from retakaful / reinsurance contracts held	6,655	28,562
Net finance (expenses) / income	32,014	-146,223

6.4 List of Income Statements (IFRS 17) 2022-2023	2022	2023
Net Insurance	90,829	172,527
Income on financial assets at fair value	41,647	25,495
Income on financial assets at amortised cost and short-term deposits	48,663	129,749
Fair value gain of unit-linked investments	-12,481	114,009
Net credit impairment losses on financial assets	-242	-391
Net investment income	77,587	268,862
Net insurance and investment result	168,416	441,389
Other operating expenses	-98,501	-103,975
Other income	12,726	90
Net income for the period before zakat	82,641	337,504
Provision for zakat	-10,250	-9,443
Net income for the period after zakat	72,391	328,061

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

7. Auditors' reservations on the annual financial statements:

The auditors' report clarifies that the financial statements are free from any material errors, and there are no reservations towards such financial statements.

8. Geographical analysis of the revenues of the company and its subsidiaries outside the Kingdom of Saudi Arabia

The company's activities are generally carried out within the Kingdom of Saudi Arabia; i.e. the written premiums are for favor of clients inside the Kingdom and there are no subsidiaries for it abroad. The following is the distribution of the subscribed premiums to the regions of the KSA for the year 2023:

Region	Subscribed premiums in thousands Saudi riyals
Central	5,448,603
Western	238,071
Eastern	336,183
Total	6,022,857

9. Operating Results and fundamental differences

The net profit before Zakat during the year 2023 is 337,504 thousand Saudi riyals, compared to 82,641 thousand Saudi riyals for the previous year, with an increase of 308.4%.

Profitability per share during the year 2023 amounted to 3.28 Saudi riyals, compared to 0.72 Saudi riyals per share for the previous year, with an increase of 355.6%. The Insurance Revenue during 2023 amounted to 4,236,470 thousand Saudi riyals, compared to 2,934,503 thousand riyals for the previous year, with an increase of 44.4 %.

The net investment profits during the year 2023 amounted to 268,862 thousand riyals, compared to 77,587 thousand Saudi riyals for the previous year, i.e. an increase of 246.5%. (The Investment income includes 114,009 thousand Saudi riyals (2022: -12,481 thousand Saudi riyals) related to unit holders fund return) The Net Profit before Zakat has increased by 254,863 thousand Saudi riyals (308.4%) primarily due to higher insurance revenue by 1,301,967 thousand Saudi riyals (308.4%) and increase in Investment income by 191,275 thousand Saudi riyals (246.5%).

The above impact is partially offset by increase in Other operating expenses by 5,474 thousand Saudi riyals (5.6%).

10. Accounting Standards applied to the financial statements:

By virtue of the requirements of the Insurance Authority and the Capital Market Authority, the financial statements have been prepared as per the international standards of financial reporting and have not been prepared in accordance with the generally adopted accounting standards issued from the Saudi Organization for Certified Public Accountants (SOCPA). Accordingly, the company confirms that there are no material differences or financial impact on the financial statements as a result of preparing them in accordance with the international standards other than Saudi accounting standards.

11. Subsidiaries and their main activities:

The company conducts the insurance business within the Kingdom of Saudi Arabia only, and it has no subsidiary companies, whether inside or outside the Kingdom, excluding its contribution to Najm Insurance Services Company, as follows:

Company Name	Najm Insurance Services Company
Legal entity	A closed Saudi joint stock company
Main activity	Insurance services
Headquarter State of its operations	Kingdom of Saudi Arabia
State of incorporation	Kingdom of Saudi Arabia
Capital	55,769,320 Saudi riyals
Company's share	3.45%

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

12. Number of the company's requests for the shareholders' register, the dates and reasons for those requests:

Date of request	Reasons for request
09/01/2023	Company's procedures
06/02/2023	Company's procedures
08/03/2023	Company's procedures
10/04/2023	Company's procedures
08/05/2023	Company's procedures
08/05/2023	General assembly
06/06/2023	Company's procedures
06/06/2023	General assembly
05/07/2023	Company's procedures
07/08/2023	Company's procedures
06/09/2023	Company's procedures
15/10/2023	Company's procedures
30/11/2023	Company's procedures
06/12/2023	General assembly
Total requests	14

13. Dividend Policy:

• Dividends Distribution Mechanism:

The dividends payment is based on the assessment and recommendations of the company's Board of Directors, pursuant to Article (43) of the company's Articles of Association, after authorizing the Board of Directors by the ordinary General Assembly thereof, and this authorization is awarded annually after deducting all general expenses and other costs as follows:

1. Saving Zakat and prescribed income tax;
2. Saving 20% of net profits to form the company's statutory reserve. Thus, the Ordinary General Assembly may stop such saving when the said reserve amounts to 100% of the paid-off capital;
3. Cash dividends, which have to be distributed to shareholders, are deposited in their accounts connected to their investment portfolios, while the granted shares shall be deposited in shareholders' investment portfolios after declaring thereof on the Saudi Stock Exchange website (Tadawul);
4. When the decision to distribute interim profits is made, the company shall immediately disclose and declare thereof and provide the Authority with a copy of such decision upon its issuance.

• Maturity of Dividends:

The shareholder is entitled his share in the profits according to the General Assembly resolution issued in this regard depending on the recommendation by the Board of Directors, and the decision outlines the date of entitlement and the date of distribution. Moreover, dividends shall be due for the shareholders registered at the shareholders' records at the end of the day sets for maturity. The Profits that have to be distributed to shareholders shall be paid at the place and dates designated by the Board of Directors, in accordance with the instructions issued by the competent authority.

The shareholders' equity at the end of the year 2023 amounted to 1,722,786 thousand Saudi riyals compared to 1,327,360 thousand riyals for the last year, i.e. with an increase of 395,426 thousand riyals at 29.8%. Regarding the statutory reserve, it reached an amount of 283,107 thousand Saudi riyals compared with 196,109 thousand riyals for the last year, i.e. with an increase of 86,908 thousand riyals at 44.3%, while the retained earnings amounted to 347,632 thousand riyals comparing to 706,479 thousand riyals, i.e. with a decrease of 358,847 thousand riyals at -50.8%. Given that the management wished to enhance and support the financial position and strengthen the solvency margin of the company, profits would not be distributed to shareholders for this year. In the future, the company will work to take the appropriate decision with respect to the distribution of profits to shareholders.

The Company increased its capital during the year 2023, by granting bonus shares to the Company's shareholders through capitalization of SAR 600 million from the retained earnings by way of granting 1.50 shares for every one share owned.

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

14. Description of interest, and option, and subscription rights attributing to members of the Board, senior executives, their spouses and their minor children, in shares or debt instruments of the company or its subsidiaries: Finance

A. Major Shareholders:

The name of the person to whom the interest, contractual papers, or subscription rights belong	(Beginning of the Period)			(End of the Period)		
	Number of Shares Owned	Debt Instruments	Ownership Percentage in the Company's Shares	Number of Shares Owned	Debt Instruments	Ownership Percentage in the Company's Shares
Al Rajhi Banking & Investment Company	14,000,000	0	35.0%	35,000,000	0	35.0%
Al Rajhi Insurance Company Limited - Bahrain	10,600,000	0	26.50%	Major Shareholders have been withdrawn	0	0.0%

B. Members of the Board of Directors:

Name of the Board Member	Position	(Beginning of the period)		(End of the period)		Ownership percentage in the company's shares	Number of shares owned by spouses and minor children
		Number of shares owned	Debt instruments	Number of owned shares	Debt instruments		
Abdullah bin Sulaiman Al Rajhi	Chairman	0	0	0	0	0	0
Saud bin Abdullah Al Rajhi	Vice chairman	600,000	0	1,500,000	0	1.5%	0
Waleed bin Abdullah Al Mogbel	Board member	0	0	0	0	0	0
Ahmed Samer bin Hamdi Al-Zaeem	Board member	32,000	0	80,000	0	0.08%	0
Ali bin Hadi Al Mansour	Board member	0	0	0	0	0	0
Naif bin Abdullah Al Rajhi	Board member	71,724	0	179,310	0	0.18%	0
Nabil bin Ali Shoaib	Board member	0	0	0	0	0	0
Muhannad bin Kusai Al-Az-zawi	Board member	10	0	25	0	%0.00	0

*1.5 shares were granted for each share to reflect the increase in the company's capital based on the approval of the Extraordinary General Assembly held on 12/03/2023.

15. Description of any interest, contractual papers and subscription rights belonging to senior executives and their relatives in the company's shares or debt instruments:

There is no interest, contractual papers and subscription rights of the senior executives and their relatives in the company's shares or debt instruments.

16. Description of any interest, contractual papers and subscription rights of the board members and their

relatives in the shares or debt instruments of the subsidiary:

There is no interest, contractual papers and subscription rights of the Board members and their relatives in the shares or debt instruments of the subsidiary company.

17. Description of any interest, contractual papers and subscription rights of senior executives and their relatives in the shares or debt instruments of the subsidiary:

There is no interest, contractual papers and subscription rights of senior executives and their relatives in the shares or debt instruments of the subsidiary company.

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

18. A Brief on the Senior Executive Employees in the Company:

The brief on the senior executives can be found on pages 25-28.

19. Meetings of Board of Directors:

The Board of Directors convened four periodic meetings during the period from 1/1/2023 to 31/12/2023, hereunder is the attendance sheet of these meetings:

Member's Name	Meeting 61	Meeting 62	Meeting 63	Meeting 64	No. of meetings
	30/03/2023	11/06/2023	10/09/2023	17/12/2023	
Abdullah bin Sulaiman Al Rajhi	✓	✓	✓	✓	4
Saud bin Abdullah Al Rajhi	✓	✓	✓	✓	4
Waleed bin Abdullah Al Mogbel	✓	✓	✓	✓	4
Ahmed Samer bin Hamdi Al Zaeem	✓	✓	✓	✓	4
Naif bin Abdullah Al Rajhi	✓	✓	✓	✓	4
Ali bin Hadi Al Mansour	✓	✓	✓	✓	4
Nabil bin Ali Shoaib	✓	✓	✓	✓	4
Muhammad bin Kusai Al-Azzawi	✓	✓	✓	✓	4

20. Contracts with the related Parties:

A. No Board member shall be engaged in any lease contracts for the company, as naturally, some of the Board Directors are engaged in the insurance contracts, as the company provides its insurance services for all society categories, with the full adherence to the Rules of Insurance Authority.

B. No contracts shall be concluded between the Chief Executive Officer and Chief Financial Officer, or with any person related to any thereof excluding employment contracts.

C. During the fiscal year, there were some transactions where the company was a party, and it is for the interest of some Board of Directors members.

Hereunder the details of the main transactions with the related parties during the period from 1/1/2023 to 31/12/2023, as stated in the financial statements notes.

Related Party	Capacity	Activity	Contract Duration	Conditions	Illustration	Amount (SR '000)
Al Rajhi Bank						
1. Stakeholders: Chairman/ Abdullah Al Rajhi	Chairman					
2. Board Member/ Waleed Al Muqbil	Managing Director and Chief Executive Officer of Al Rajhi Bank	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	679,227
3. Vice Chairman / Saud Al Rajhi	First Degree Relationship					
4. Board Member/ Naif Al Rajhi	First Degree Relationship					
Al Rajhi Capital						
1. Stakeholder: Chairman/ Abdullah Al Rajhi	A company owned by Al-Rajhi Bank, of which he is Managing Director and Chief					
2. Board Member/ Waleed Al Muqbil	Executive Officer of Al Rajhi Bank	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	-
3. Vice Chairman / Saud Al Rajhi	First Degree Relationship					
4. Board Member/ Naif Al Rajhi	First Degree Relationship					

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

Related Party	Capacity	Activity	Contract Duration	Conditions	Illustration	Amount (SR '000)
Al Rajhi Capital						
Stakeholder:	Chairman					
1.Chairman/ Abdullah Al Rajhi	A company owned by Al-Rajhi Bank, of which he is Managing Director and Chief Executive Officer of Al Rajhi Bank	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Investment funds Revenues	11,604
2.Board Member/ Waleed Al Muqbil					Paid investment management fee	3,386
3.Vice Chairman / Saud Al Rajhi	First Degree Relationship					
4.Board Member/ Naif Al Rajhi	First Degree Relationship					
Fusran Travel						
Stakeholders:						
1.Chairman/ Abdullah Al Rajhi	Partner	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	1,501
2.Vice Chairman / Saud Al Rajhi	Chief Executive Officer					
3.Board Member/ Naif Al Rajhi						

Related Party	Capacity	Activity	Contract Duration	Conditions	Illustration	Amount (SR '000)
Fursan Travel						
Stakeholders:						
1.Chairman/ Abdullah Al Rajhi	Partner	Travel services for the Company's staff	One calendar Year	Ordinary business without any preferential conditions or benefits	Travel costs of the Company's staff	3,253
2.Vice Chairman / Saud Al Rajhi	Chief Executive Officer					
3.Board Member/ Naif Al Rajhi						
Farabi Petrochemicals						
Stakeholders:						
1.Chairman/ Abdullah Al Rajhi	Chairman	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	26,150
2.Vice Chairman / Saud Al Rajhi	First Degree Relationship					
3.Board Member/ Naif Al Rajhi	Board Member					

Corporate Governance

Related Party	Capacity	Activity	Contract Duration	Conditions	Illustration	Amount (SR '000)
Marami Food Industries						
Stakeholder:	Partner					
7 Chairman/ Abdullah Al Rajhi	First Degree Relationship	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	204
Vice Chairman / Saud Al Rajhi	Board Member					
Board Member/ Naif Al Rajhi						
Takatuff Holding Group						
Stakeholder:	Partner					
8 1.Chairman/ Abdullah Al Rajhi	Partner	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	231
2.Vice Chairman/ Saud Al Rajhi	Board Member					
3.Board Member/ Naif Al Rajhi						
Saraya Alawtan Company for Real Estate Development						
Stakeholder:	First Degree Relationship					
9 1.Chairman/ Abdullah Al Rajhi	Manager	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	51
2.Vice Chairman/ Saud Al Rajhi	Manager					
3.Board Member/ Naif Al Rajhi						

Related Party	Capacity	Activity	Contract Duration	Conditions	Illustration	Amount (SR '000)
Homeland Legacy Real Estate Development Company						
Stakeholder:	First Degree Relationship					
10 4.Chairman/ Abdullah Al Rajhi	Manager	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	417
5.Vice Chairman/ Saud Al Rajhi	First Degree Relationship					
6.Board Member/ Naif Al Rajhi						
Jeddah Legacy Real Estate Development Company						
Stakeholder:	First Degree Relationship					
11 7.Chairman/ Abdullah Al Rajhi	Manager	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	35
8.Vice Chairman/ Saud Al Rajhi	First Degree Relationship					
9.Board Member/ Naif Al Rajhi						
Digital Trip						
Stakeholders:	Partner					
12 10.Chairman/ Abdullah Al Rajhi	First Degree Relationship	Insurance policies	One calendar Year	Ordinary business without any preferential conditions or benefits	Written Contribution	67
11.Vice Chairman / Saud Al Rajhi	General Manager					
12.Board Member/ Naif Al Rajhi						

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

21. Statutory Payments & Debts:

The company does not have any loans, debts, fees or amounts payable during the fiscal year 2023, while the following table shows the statutory payments and dues during the year.

Description	Amount in thousand Saudi riyals
Zakat and income paid in 2023	3,443
Supervision fees paid by Insurance Authority, which are due for the year	29,954
Supervision fees by the Council of Cooperative Health Insurance in addition to the loading fees.	11,744
Social insurance (The share of the company paid and charged to the year)	10,845
Costs of visas and passports	248
Labor office fees	1,435
VAT	562,029
Amount of tax withheld	6,038
Saudi Stock Exchange (Tadawul)	548
Total	626,284

22. Investments or reserves for the benefit of company employees:

There are no investments made for the benefit of the company employees, while there is a provision for end of service benefits for company employees amounting to 29,543 thousand riyals, as well as protection insurance of 784 thousand riyals.

23. Declarations:

The Company declares as follows:

- That the account records were properly prepared.
- That the internal control system was prepared on a sound basis and was effectively implemented.
- There is no doubt about the company ability to continue its activity.
- Al-Rajhi Takaful does not have any loans until the end of 2023.
- There are no convertible debt instruments and any contractual securities, subscription right notes or similar rights issued or granted by the company during the fiscal year 2023.

- There are no transfer or subscription rights under debt instruments convertible into contractual securities, subscription right notes or similar rights issued or granted by the company.

- There are no refunds, purchases or cancellations on the part of the company for any refundable debt instruments.

- The members of the Board of Directors do not have any business competing with the company or any of the branches of activity in which it practices.

24. Corporate Governance Regulation:

The company seeks, as part of its keenness on the interests of shareholders, to apply the highest levels of transparency, disclosure and participation in decision-making in a way that achieves the company objectives and the aspirations of its customers; so the company is committed to implementing the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority.

With regard to the indicative provisions (which are not mandatory), the company is committed to fully implementing them, except for what the company is working on achieving in the future, which are:

Article No.	Article	Reasons for non-enforcement of article
Thirty-nine	(Evaluation) Evaluate the performance of the members of the Board and the subsidiary committees	Guide Article / The company internally evaluates the performance of board members and committees
Eighty-four	Social responsibility	Guide Article / The company contributes to social activities through some special events.
Ninety-two	The formation of the Corporate Governance Committee	Indicative Article/the mandatory limit of board committees was formed

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

25. Sanctions and Penalties:

- Executive decisions of the Insurance Authority/ Saudi Central Bank:

Subject of Violation	Previous fiscal year 2022		Current fiscal year 2023	
	Number of executive decisions	The total amount of fines in Saudi riyals	Number of executive decisions	The total amount of fines in Saudi riyals
Supervisory violations of the instructions	4	808,933.30	1	30,000
Violations of the instructions for protecting customers	0	0	1	40,000
Violations of the instructions regarding due diligence in combating money laundering and terrorist financing	0	0	1	230,000

Ways to remedy the Insurance Authority/ Saudi Central Bank violations:

With regard to fines related to Insurance Authority/ Saudi Central Bank, the company has updated its work policies and procedures in line with the requirements of the Saudi Central Bank.

Other Violations: No Violations

26. Company Announcements:

- With regard to the company announcements that were published on Tadawul website during the year 2023, they are as follows:

#	Announcement Subject	Date of Announcement
1	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Announces that it received the Final Approval of the Saudi Central Bank on a Product.	01/01/2023
2	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Announces The renewal of its yearly qualification By Council of Health Insurance.	01/01/2023
3	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) is pleased to announce that Moody's Investor Service has maintained an A3 (Stable Outlook) insurance financial strength rating (IFSR) to Al Rajhi Takaful.	11/01/2023
4	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Announces Resignation and Appointment of a CEO.	28/02/2023
5	Al-Rajhi Company for Cooperative Insurance announces its Annual Financial Results for the Year Ending on 2022-12-31	05/03/2023
6	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) a favorable impact in the net assets of the company.	09/04/2023
7	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Announces the Board's Recommendation to Increase the Capital by Granting Bouns Shares	14/05/2023
8	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) announces to Invites its Shareholders to Attend the (First Meeting) Ordinary General Assembly Meeting.	01/06/2023
9	Addendum Announcement from Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) in regard to Invites its Shareholders to Attend the (First Meeting) Ordinary General Assembly Meeting.	04/06/2023
10	Al-Rajhi Company for Cooperative Insurance announces its Interim Financial Results for the Period Ending on 2023-03-31 (Three Months).	20/06/2023
11	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Announces the Results of the Ordinary General Assembly Meeting, (First Meeting)	02/07/2023
12	Addendum Announcement from Al-Rajhi Company for Cooperative Insurance in regard to Announces the Results of the Ordinary General Assembly Meeting, (First Meeting)	02/07/2023
13	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) announces its Interim Financial Results for the Period Ending on 2023-06-30 (Six Months)	07/08/2023
14	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) is pleased to announce that S&P Global Ratings assigned its 'A-' long-term financial strength rating and (KSA AAA) Saudi national scale rating.	19/10/2023
15	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) announces its Interim Financial Results for the Period Ending on 2023-09-30 (Nine Months).	02/11/2023
16	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) Invites its Shareholders to Attend the Extraordinary General Assembly Meeting for Capital Increase (First Meeting).	06/11/2023
17	Al-Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) announces that it has received a letter from Al Rajhi Insurance Company Limited - Bahrain, stating the transfer of a number of shares, within a regulatory framework.	28/11/2023
18	Al-Rajhi Company for Cooperative Insurance Announces the Results of the Extra Ordinary General Assembly's Meeting Approving Increase (First Meeting)	04/12/2023

Corporate Governance

For the period from 1 January 2023 to 31 December 2023 (continued)

27. A list of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors attending these assemblies:

- Ordinary General Assembly of the shareholders was held on 22/06/2023 through the means of modern technology and was attended by Abdullah bin Sulaiman Al-Rajhi (Chairman), Saud bin Abdullah Al-Rajhi (Vice Chairman), Waleed bin Abdullah Al Mogbel (Member), Ahmad Samer bin Hamdi Al-Zaeem (Member), Ali bin Hadi Al Mansour (member), and Nabil Ali bin Shoaib (Member), and Muhannad bin Qusay Al-Azzawi (Member)

- The Extraordinary General Assembly of the shareholders was held on 03/12/2023 through the means of modern technology and was attended by Abdullah bin Sulaiman Al-Rajhi (Chairman), Saud bin Abdullah Al-Rajhi (Vice Chairman), Waleed bin Abdullah Al Mogbel (Member), Ahmad Samer bin Hamdi Al-Zaeem (Member), Ali bin Hadi Al Mansour (member), and Nabil Ali bin Shoaib (Member), and Muhannad bin Qusay Al-Azzawi (Member)

28. Actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders' proposals and comments about the company and its performance:

The Secretary of the Board of Directors is responsible for receiving all proposals and notes about the company and its performance and submitting them to the members of the Board of Directors for discussion during the periodic meetings.

29. Audit Committee's recommendations that conflict with the decisions of the Board of Directors, or which the Board refused to take into account regarding the appointment and dismissal of the company auditor, determining his fees and evaluating its performance or appointing the internal auditor, the rationale for those recommendations, and the reasons for not taking them into account:

There are no recommendations of the audit committee that contradict the decisions of the board of directors, and the board of directors has not rejected any recommendations regarding the appointment of an auditor for the company, dismissal thereof, determination of fees and evaluation of his performance.

30. Board of Directors.

The company is managed by a board of directors consisting of (8) members, and the board was reconstituted at the Ordinary General Assembly meeting on 05/05/2021 for a period of three years as of 30/05/2021. The elected board of directors in accordance with the requirements of Article 16 of the Corporate Governance Regulations is formed as follows:

Name	Membership Category		
	Executive	Non-executive	Independent
Abdullah bin Sulaiman Al-Rajhi		✓	
Saud bin Abdullah Al-Rajhi		✓	
Waleed bin Abdullah Al Mogbel (representative of Al-Rajhi Bank)		✓	
Ahmad Samer bin Hamdi Al-Zaeem		✓	
Naif bin Abdullah Al-Rajhi		✓	
Ali bin Hadi Al Mansour			✓
Nabil bin Ali Shoaib			✓
Muhannad bin Kusai Al-Azzawi			✓

Corporate Governance

(continued)

31. Names of companies inside or outside the Kingdom of which a member of the company board of directors is a member of its current and previous boards of directors or of its managers:

Member's name	Current			Previous		
	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/ outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)
Abdullah bin Sulaiman Al-Rajhi	Al-Rajhi Bank	Inside the Kingdom	Listed joint stock	Al-Rajhi Bank (CEO)	Inside the Kingdom	Listed joint stock
	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)		Listed joint stock			
	Al-Rajhi Capital Co.		Unlisted joint stock			
	Al-Rajhi Holding Group Company		Unlisted joint stock			
	Farabi Petrochemicals Co.		Unlisted joint stock			
	Indoor and outdoor flooring tissue solutions holding company		Unlisted joint stock			
	Al-Ajial Holding Co.		Unlisted joint stock			
Saud bin Abdullah Al-Rajhi	IIB Investment Co.	Outside the Kingdom	Limited liability company	Limited liability company	Limited liability company	Limited liability company
	Al Fursan Travel Co.	Inside the Kingdom	Limited liability company	Hopper Co. Ltd	Inside the Kingdom	Limited liability company
	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	Inside the Kingdom	Listed joint stock			
	SEMARK	Inside the Kingdom	Limited liability company			
	Takatof Holding Co.	Inside the Kingdom	Limited liability company			
	The National Association of the Blind (Kafeef)	Inside the Kingdom				

Corporate Governance (continued)

Current				Previous		
Member's name	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/ outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)
Ahmad Samer bin Hamdi Al-Zaeem	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	Inside the Kingdom	Listed joint stock	Riyadh Cables Co.	Inside the Kingdom	Closed joint stock
	Al Riyadh Cables Group Company		Listed joint stock	Saudi Modern Company for Specialized Electrical Cables & Wires Industry		Closed joint stock
	Seera Holding Group		Listed joint stock			
	Lumi Rental company		Listed joint stock			
	Saudi Modern Company for Metals, Cables and Plastic		Closed joint stock			
	Saudi Company for the Manufacture of Telephone Cables		Closed joint stock			
	Saudi Modern Cables Company Ltd.		Limited liability company			
	Gulf International Company for Contracting and Real Estate Investment Ltd.		Limited liability company			
	Lighting Technologies Co. Ltd.		Limited liability company			
	Silver Crown Co.		Limited liability company			
	National company for cable manufacturing	Outside the Kingdom	Limited liability company			

Corporate Governance (continued)

Member's name	Current			Previous		
	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/ outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)
Ali bin Hadi Al Mansour	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)		Listed joint stock			
	Masaraty Global		Limited liability company			
Naif bin Abdullah Al-Rajhi	Digital Trip Co. Ltd		Limited liability company			
	Takatof Holding Co.		Limited liability company			

Corporate Governance

(continued)

Member's name	Current			Previous		
	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/ outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)
Naif bin Abdullah Al-Rajhi	Al Fursan Travel Co.	Inside the Kingdom	Limited liability company			
	Farabi Petrochemicals Co.		Unlisted joint stock			
	SEMARK		Limited liability company			
	Marami Food Industries Company		Limited liability company			
	Riyadh Chamber of Commerce		Non-profit government			
	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)		Listed joint stock			
	Rent to you Co. Car Rental		Limited liability company			
Waleed bin Abdullah Al Mogbel (representative of Al-Rajhi Bank)	Al Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	Inside the Kingdom	Listed joint stock			
	Emkan Finance Company		Closed joint-stock company			
	Global Digital Solutions Company (NeoLeap)		Closed joint-stock company			

Corporate Governance (continued)

Member's name	Current			Previous			
	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/ outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside/outside the Kingdom	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock/ Limited Liability Company)	
Waleed bin Abdullah Al Mogbel (representative of Al-Rajhi Bank)	Human Resources Management & Development Company (Tanfeeth)	Inside the Kingdom	Limited liability company				
	Ejada Systems Limited Company		Limited liability company				
	Al Rajhi Captial		Closed joint- stock company				
Nabil bin Ali Shoaib	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)		Listed joint stock				
	Tatimah Capital		Closed joint stock				
	Al Khaleej Training		Listed joint stock				
Muhannad bin Kusai Al-Azzawi	General Authority of Civil Aviation		Inside the Kingdom	General Authority			
	Saudi Contractors Authority			General Authority			
	Saudi Golf Federation			General Authority			
	Merrill Lynch Kingdom of Saudi Arabia			Closed joint stock			
	Binladin International Holding Group	Closed joint stock					
	GIB Saudi Arabia - Gulf International Bank	Closed joint stock					
	Golf Saudi	Closed joint stock					
	Taiba Investment	Listed joint stock					
Construction Products Holding Company CPC	Closed joint stock						

Corporate Governance (continued)

32. Board of Directors' Committees

The company's Board of Directors exercises its functions through the main committees, including:

33. Executive Committee:

The Committee consists of the Chairman of the Board of Directors, Mr. Abdullah bin Sulaiman Al-Rajhi, Chairman and the membership of Dr. Waleed bin Abdullah Al Mogbel and Vice Chairman of the Board of Directors, Mr. Saud bin Abdullah Al-Rajhi. The Committee was reformed for the new session, which began on 30/05/2021. The Committee makes recommendations to the Board of Directors on critical issues such as strategic and actions plans related to business processes. The Board authorizes the Executive Committee to perform its functions in some cases. The Executive Committee held six meetings during 2023.

Executive Committee members	02/02/2023	30/03/2023	11/06/2023	10/09/2023	02/11/2023	06/12/2023
Abdullah bin Sulaiman Al-Rajhi - Chairman of the Board of Directors - non-executive	✓	✓	✓	✓	✓	✓
Waleed Almogbel - Non-Executive	✓	✓	✓	✓	✓	✓
Saud bin Abdullah Al Rajhi - Vice Chairman of the Board of Directors - non-executive	✓	✓	✓	✓	✓	✓

34. Investment Committee:

The Committee consists of the Vice Chairman of the Board of Directors, Mr. Saud bin Abdullah Al Rajhi as the Chairman; and the membership of Mr. Abdurrahman bin Abdullah Al-Fadda and Mr. Ali bin Hadi Al-Mansour. The Committee was reformed at its new session, which began on 30/05/2021. The Committee makes recommendations to the Board of Directors on investment plans, asset control, and investment policy risk control. The Board authorizes the Investment Committee to perform its functions in some cases. The Investment Committee held six meetings during 2023.

Investment Committee members	20/02/2023	05/04/2023	21/06/2023	06/09/2023	17/10/2023	27/11/2023
Saud bin Abdullah Al Rajhi - Vice Chairman of the Board of Directors - non-executive	X	✓	✓	✓	✓	✓
Abdurrahman bin Abdullah Al-Fadda- independent member- outside the Board of Directors	✓	✓	✓	✓	✓	✓
Ali bin Hadi Al-Mansour- independent Board Member	✓	✓	✓	✓	✓	✓

Investment Committee Members (Non-Board members):

Abdurrahman bin Abdullah Al-Fadda:

Investment Committee member, Saudi national, holds a Bachelor's Degree in Electrical Engineering from King Fahd University of Petroleum and Minerals in the Kingdom of Saudi Arabia, 1996. He is currently the CFO at Al Rajhi Bank, and previously held several positions, including Director-General of Treasury and Investment at Saudi Investment Bank, member of the Board of Directors of Amlak International for Real Estate Finance Company, Director of Trading at National Commercial Bank and Director of Trading at Samba Financial Group.

The Committee was reformed at its new session which began on 30/05/2021.

The Committee carries out its tasks in accordance with its executive regulations, most importantly: recommendation to the Board of Directors to nominate for membership in the board or committees, or to hold leadership positions in accordance with approved policies and criteria as well as annual review of appropriate skills requirements for Board membership, review the structure of the Board of Directors, identify weaknesses and strengths and make recommendations thereon, develop clear compensations and remunerations policies for board members and top executives of the company.

In addition to raising the annual proposal to the Board of Directors of the Annual Budget for Rewards and Incentives for top executives. The Committee held four meetings during 2023.

35. Nomination and Remuneration Committee:

The Committee consists of Mr. Ali bin Hadi bin Ali Al-Mansour as Chairman, and membership of Mr. Muhannad bin Qusay Al-Azzawi and Mr. Naif bin Abdullah Al Rajhi.

Nomination and Remuneration Committee	16/03/2023	23/05/2023	23/08/2023	23/11/2023
Ali bin Hadi Al-Mansour- board member- independent	✓	✓	✓	✓
Muhannad bin Kusai Al-Azzawi - independent Board member	✓	✓	✓	✓
Naif bin Abdullah Al Rajhi - Non-executive Board Mr. member	✓	✓	✓	✓

Corporate Governance (continued)

36. Audit Committee:

The Committee consists of three members, Mr. Nabil bin Ali Shoaib as Chairman, and membership of both Mr. Fahad Al-Fawaz and Mr. Mohammed bin Ali Al-Mubarak.

The Committee was reformed at its new session which began on 30/05/2021. The Audit Committee plays a major and important role in assisting the Board of Directors in carrying out oversight and governance responsibilities with regard to the integrity of the Company's financial statements, the effectiveness of the internal control system in light of the risks encountered by the company, and the efficiency, independence and performance of external and internal auditors.

In addition, it works to improve and develop control systems and thus protect the rights of shareholders and investors through a number of tasks, including examining, expressing opinions and submitting recommendations regarding financial statements, accounting policies used and internal control system.

As well as oversight of internal audit management, examining its reports and verifying its effectiveness and independence, the recommendation to the Board of Directors to appoint external auditors, examine their plans, dismiss them and determine their fees. The Committee held nine meetings in 2023 including the annual meeting with the Board of Directors.

Audit Committee members	28/02/2023	30/03/2023	17/05/2023	25/05/2023	18/06/2023	08/08/2023	24/10/2023	01/11/2023	21/12/2023
Nabil bin Ali Shoaib - Independent member from outside the BOD	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fahad bin Mohammed Al Fawaz - Independent member from outside the BOD	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohammed bin Ali Al-Mubarak - Independent member from outside the BOD	✓	✓	✓	✓	✓	✓	✓	✓	✓

Audit Committee Members (Non-Board members):

Fahad bin Mohammed Al-Fawaz:

Member of the Audit Committee, a Saudi national, holds a Master's degree in Business Administration from the University of Surrey in Britain and a Bachelor of Science in Industrial Management from King Fahd University of Petroleum and Minerals. He is currently the CEO of the National Tourism Company.

Previously, he held several positions, including a member of the Executive Committee of Abdulaziz and Saad Al Mojil Trading Company, a member of the Board of Directors and a member of the Audit Committee of the Fiberglass Oasis Company.

Mohamed bin Ali Al-Mubarak:

Member of the Audit Committee, Saudi national, holds a Bachelor's Degree in Accounting from King Fahd University for Petroleum and Minerals in the Kingdom of Saudi Arabia in 2007.

He currently holds the position of Head of Local Assets in Public Investment Fund, and before that, he held several positions, including Director of Audit in Edda Co. & Ernst & Young office and Senior Manager in the Internal Audit Group at Alinma Bank.

Corporate Governance

(continued)

37. Risk Management Committee:

The committee consisted of of Mr. Ahmed bin Samer Al-Zaeem as Chairman and membership of Mr. Abdulaziz bin Saad Al-Rusais and Mr Nabil bin Ali Shoaib. The committee was reformed at its new session that began on 30/05/2021.

The committee identifies the risks that the company may encounter; it also supervises the risk management system, assesses its effectiveness thereof, and develops a comprehensive risk management strategy. The Risk Management Committee held four meetings during 2023.

Risk Management Committee Members (Non-Board members):

Abdulaziz bin Saad Al-Rusais:

Chairman of Risk Management Committee, a Bahraini national, holds a Bachelor's Degree in Financial Management and Marketing from Portland University, USA in 1999, and a Master's Degree in Business Administration from DePaul University, USA in 2004.

He is currently the CRO at Al-Rajhi Bank; previously, he held several positions, including Vice Chairman of Risk Management at Mubadala GA Capital, and Investment Manager at Tharwat Investment Company.

Members of Risk Management Committee	27/03/2023	07/06/2023	04/09/2023	11/12/2023
Ahmed bin Samer Al-Zaeem- Non-executive member of the Board of Directors	✓	✓	✓	✓
Nabil bin Ali Shoaib - independent member of the Board of Directors	✓	✓	✓	✓
Abdulaziz bin Saad Al-Rusais- A member from outside the BOD	✓	✓	✓	✓

38. Sharia Board:

Consists of Dr. Saleh Mansour Al-Jarbou, as a chairman, and a membership of Dr. Saleh Abdullah Al-Lohaidan and Dr. Yousef Abdullah Al-Shebaili, the Board supervises the company's commitment to Sharia provisions in all transactions, and supervision and authentication of developing insurance products adhering to Islamic Sharia, the Board held (4) meetings during 2023:

Members of Sharia Board	Meeting 160 12/06/2023	Meeting 161 13/06/2023	Meeting 162 23/07/2023	Meeting 163 11/10/2023
Saleh bin Mansour Al-Jarbou	✓	✓	✓	✓
Saleh bin Abdullah Al-Lohaidan	✓	✓	✓	✓
Yousef bin Abdullah Al-Shebaili	✓	✓	✓	✓
Attendance Remuneration for each member	5,000	5,000	5,000	5,000

Brief on Sharia Board members:

Saleh bin Mansour Al-Jarbou:

Chairman of the Sharia Board, Saudi national, holds a PhD Degree in Comparative Jurisprudence from Imam Muhammad bin Saud Islamic University in 2006, and a Master's Degree in Law from the American University in Washington DC in 1994, and is currently presiding the Sharia Board of Al-Rajhi Financial Services Company. A licensed lawyer from 2007 to date, and he previously held several positions, including Director of the Legal Affairs and Compliance Control Department of Al-Rajhi Banking and Investment Corporation.

Corporate Governance

(continued)

Brief on Sharia Board members:

Saleh bin Mansour Al-Jarbou: Chairman of the Sharia Board, Saudi national, holds a PhD Degree in Comparative Jurisprudence from Imam Muhammad bin Saud Islamic University in 2006, and a Master's Degree in Law from the American University in Washington DC in 1994, and is currently presiding the Sharia Board of Al-Rajhi Financial Services Company. A licensed lawyer from 2007 to date, and he previously held several positions, including Director of the Legal Affairs and Compliance Control Department of Al-Rajhi Banking and Investment Corporation.

Saleh bin Abdullah Al-Lohaidan:

A member of the Sharia Board, Saudi national, holds a PhD Degree in Islamic Jurisprudence from the Higher Judicial Institute in Riyadh in 1994.

Currently, he is working as a contracted professor at the Imam Muhammad bin Saud Islamic University and the General Director of the Sharia Group at Al-Rajhi Bank, and a member and a secretary of the Sharia Board at Al-Rajhi Bank. He also held the position of a member of the Scientific Council at Imam Muhammad bin Saud Islamic University, and participated in a number of scientific committees inside and outside the university.

Yousef bin Abdullah Al- Shebaili:

A member of the Sharia Board, Saudi national, holds a PhD Degree from the Higher Judicial Institute at Imam Muhammad bin Saud Islamic University in 2001. Currently, he works as a professor at Imam Muhammad bin Saud Islamic University, and many memberships in Sharia bodies in financial and economic institutions inside and outside the Kingdom. Previously, he held the position of Deputy for the Comparative Jurisprudence Department at the Higher Judicial Institute in 1998.

No.	Members of Sharia Board	Annual Remunerations	Meetings attendance Remuneration	Total
1	Saleh Al-Jarboua	SAR 80,000	SAR 20,000	SAR 100,000
2	Saleh Al-Lohaidan	SAR 80,000	SAR 20,000	SAR 100,000
3	Yousef Al-Shebaili	SAR 80,000	SAR 20,000	SAR 100,000
Total		SAR 300,000		

39. Details of Remuneration and Compensation for Board of Directors and Committees Members and Five Top Executives

First:

1- Remunerations and compensation for members of the Board of Directors for the current session started 30/05/2021:

In accordance with the remuneration policy for members of the Board of Directors and the sub-committees, the Chairman and members of the board of directors of the company receive an annual remuneration of SAR 200,000, and they receive an attendance remuneration of 3,000 SAR for each Board meetings.

2- Based on the remuneration policy for members of the committees stemming from the Board of Directors:

- A member of the Audit Committee receives an annual remuneration of 100,000 SAR in consideration of his membership in the committee.

- A member of all other sub-committees receives an annual remuneration of 80,000 SAR in consideration of his membership in the committee.

- A member of all committees receives 1,500 SAR for each meeting for the sub-committees of the Board of Directors attended.

3- Mechanisms for determining and paying remunerations and compensations:

- Remuneration and compensations due to members of the board of directors and members from outside the board are calculated on an annual basis, approved by the Board and ratified by the General Assembly.

- Attendance allowance is paid annually based on attendance records of Board and Committees Meetings.

4- Remunerations and compensations for top executives: The remuneration is calculated based on the annual appraisal and company's outcomes based upon the targets set at the beginning of the Gregorian year.

The following is a statement showing salaries, compensations, allowances and annual remunerations received by members of Board of Directors, the Committees, and five senior executives of the company, who received the highest remunerations and compensations including the CEO, and Chief Financial Officer, for the period from 01/01/2023 to 31/12/2023:

Description	Members of Board of Directors and Committees	Top 5 Senior Executives including CEO and Chief Financial Officer
Salaries and Compensations	-	SAR 6,386,894
Allowances	SAR 341,000	SAR 200,000
Periodic and annual remunerations	SAR 2,244,000	SAR 4,345,415.60
Total	SAR 2,585,000	SAR 10,932,310

Corporate Governance

(continued)

Remunerations of members of the Board of Directors from 01/01/2023 to 29/05/2023 (Current Session):
(Continued)

Committees' Members	Fixed remuneration (excluding sessions attendance allowance)	Sessions attendance allowance	Total
Executive Committee			
Abdullah bin Sulaiman Al-Rajhi	-	9,000	9,000
Waleed bin Abdullah Al-Mogbel	-	9,000	9,000
Saud bin Abdullah Al-Rajhi	-	9,000	9,000
Total	-	27,000	27,000
Investment Committee			
Saud bin Abdullah Al-Rajhi	-	7,500	7,500
Ali bin Hadi Al-Mansour	-	9,000	9,000
Abdulrahman bin Abdullah Al-Fada	80,000	9,000	89,000
Total	80,0000	25,500	105,500
Nomination & Remuneration Committee			
Ali bin Hadi Al-Mansour	-	6,000	6,000
Muhannad bin Kusai Al-Azzawi	-	6,000	6,000

Corporate Governance

(continued)

Committees' Members	Fixed remuneration (excluding sessions attendance allowance)	Sessions attendance allowance	Total
Naif bin Abdullah Al-Rajhi	-	6,000	6,000
Total	-	18,000	18,000
Audit Committee			
Nabil bin Ali Shoaib	100,000	13,500	113,500
Fahad bin Mohammed Al Fawaz	100,000	13,500	113,500
Mohammad bin Ali Al-Mubarak	100,000	13,500	113,500
Total	300,000	40,500	340,000
Risk Committee			
Ahmed bin Samer Al-Zaeem	-	6,000	6,000
Nabil bin Ali Shoaib	-	6,000	6,000
Abdulaziz bin Saad Al-Rusais	80,000	6,000	86,000
Total	80,000	18,000	98,000

Corporate Governance (continued)



40. Waiver of interests by shareholders, board members, or senior executives:

- There are no arrangements or agreements regarding any member of the Board of Directors or the senior executives to waive any salaries, remunerations or compensations.
- There are no arrangements or agreements regarding any of the shareholders' waiver of their rights in profits.

41. Evaluation of the performance of the Board of Directors' members and its committees:

The Board of Directors is keen to involve all its members in the tasks, responsibilities and sub-committees, and the Board is keen to review its decisions and recommendations. In addition to the recommendations of the committees stemming from it periodically to ensure their results and their implications on the performance of the Board and the committees stemming from it and the general performance of the company.

42. Results of the annual review of the effectiveness of the company's internal control procedures:

In general, the reviews carried out by the Internal Audit Department during 2023 did not reveal any fundamental observations in the control environment. Audit operations aim to provide reasonable assurance and advisory services with independence and objectivity with a view to ensuring the effectiveness of internal controls and the existence of the systems and procedures necessary to identify, assess and manage the risks to which the company can be confronted with and their application.

throughout the year. Based on the results of the evaluation of the effectiveness of the internal control procedures and the ongoing evaluation of the supervisory controls applied by management during the financial year, management believes that the internal control system currently in The strength of the company is stable and subject to regular monitoring, and management continues its constant efforts to strengthen the internal control system.

The internal control system has been developed on a solid basis in accordance with the directives and guidelines of the legislator relating to internal control systems, and its effectiveness is supported by the following elements:

- The existence of specialized departments in the areas of audit and compliance control. The scope of action of the internal audit department includes assessing the adequacy and effectiveness of the internal control system, as well as assessing the effectiveness of the implementation and compliance with all applicable policies and procedures. . The Compliance department is responsible for ensuring compliance with regulatory requirements, through compliance monitoring programs.

- There is a Board Audit Committee in line with the governance regulation, which contributes to strengthening the independence of internal and external auditors, and reports are submitted to it about the units and activities that are audited on a quarterly basis, in order to provide a continuous evaluation of the internal control system and its effectiveness

- The adequacy and effectiveness of the internal control system is reviewed by the

Internal Audit Department according to an annual plan approved by the Audit Committee. Some aspects of internal control are reviewed by the external auditors, and periodic reports are submitted to the Audit Committee according to its predetermined meeting dates, which in turn submits reports including its observations and correction procedures to the Board of Directors to discuss and approve the necessary recommendations. The Internal Audit Committee also reflects the effectiveness of the company's internal control procedures, and it has not made any substantive observations about them.

- The results of reviewing the internal control system and the adequacy and effectiveness of some control procedures are being considered very seriously, where any remarks should be followed up, corrected, and controls put in place to ensure that they are not repeated.

- Accordingly, and based on the results of the internal control system evaluation work, Al Rajhi Takaful has a stable internal control system that works appropriately and is monitored and strengthened on an ongoing basis, bearing in mind that any internal control system, regardless of the level of its design and effectiveness, cannot provide absolute assurances.

43. The Audit Committee's opinion on the adequacy of the company's internal control procedures:

The executive management of the company is responsible for ensuring the existence of an effective system of internal control, which includes the obligation to implement the policies, procedures and processes set by the executive management, under the supervision of the Company's Board of Directors, to ensure the achievement of its strategic objectives and the protection of its assets.

Based on the periodic reports that were presented to the Audit Committee during the fiscal year ended on December 31, 2023 by the Internal Audit Department, the Compliance Department, and the external auditors, the Audit Committee did not find any fundamental gaps in the Company's control system, which might negatively and substantially affect the integrity and the fairness of the financial statements or the integrity and effectiveness of the efficiency of the financial and operational systems, controls and procedures. While taking into account that any internal control system, regardless of its level of complexity and effectiveness, cannot provide absolute guarantees.

44. External Auditors:

The General Assembly held on 22/06/2023, approved the proposal of the Board of Directors, based on the recommendation of the Audit Committee, to appoint 1. El Sayed El Ayouty MOORE and Dr. Mohamed Al-Amri & Co. BDO , to inspect, review and audit the financial statements for the fiscal year 2023.

Conclusion

The Company's Board of Directors is pleased to extend its thanks and appreciation to Insurance Authority, the Financial Market Authority and the General Secretariat of the Cooperative Health Insurance Council, for their continuous support and directives in support of the business and activities of the insurance sector in general. The Company's Board of Directors is pleased to extend its thanks and appreciation to the shareholders for their trust in the company, its officials and employees for their constant efforts.

Allah is the guarantor of success.