

ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY

A SAUDI JOINT STOCK COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors of Arabian Shield Cooperative Insurance Company are pleased to present director's report for the fiscal year ending on 31 December 2022. This report has been prepared in accordance with reporting principles stipulated in Companies law, the Corporate Governance Regulations, The Capital Market Law to assure full disclosure for the shareholders. The report provides statement of truth that describes in detail all information on activities and businesses related to the performance of fiscal years ending 31 December 2022.

CHAIRMAN'S MESSAGE

I am pleased to express my sincere gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and His Highness the Crown Prince Mohammed bin Salman Al Saud for prioritizing the interests of the country, harnessing all possibilities and striving towards economic development, in light of the Kingdom's Vision 2030 encouraging the growth of companies in the financial sector, which insurance companies are one of its main pillars in order to achieve economic stability and promote national economies, thus achieving returns and Great benefits for society as a whole.

I would also like to extend my sincere gratitude to the Saudi Central Bank, the Capital Market Authority, the Council of Health Insurance and all relevant authorities for their great support and effective cooperation.

And I'm grateful to the shareholders of the company for their support to the Board of Directors in all circumstances and challenges experienced by the company, as well as to its corporate and individual customers for their confidence in the company as a guarantor entrusted with their interests, assets and responsibilities.

As well as to my colleagues' members of the Board of Directors and the various committees for their continuous efforts and contribution to the development of the company's performance, as well as strengthening its financial position and developing its technical systems in line with the company's future strategy.

I'm honoured to express my joy in the company's continuous success since 2009 when it began its activity as a Saudi public shareholding company, where it continued its prosperity so far in non-stop growth and kept pace with aspirations, praise be to God, achieving accomplishments that call for pride, as it completed with the beginning of last year (2022) the first merger process in its history. Hence, sales exceeded one billion Saudi riyals for the first time in its history and became the first company in the Kingdom in the size of the market share in the field of protection insurance and savings. In addition, the company has announced the signing of a memorandum of understanding for a potential merger.

In conclusion, I am pleased to put in your hands the report of the Board of Directors for the financial year ending in 2022, and I can only extend my sincere appreciation to everyone who participated in the development of the company and its achievements.

May Allah bless you with success.

Naif Bin Sultan Bin Mohammed bin Saud Al Kabeer
Chairman of Arabian Shield Cooperative Insurance Company

Major Developments during the year ended 31 December 2022

General Assembly Meetings:

First Ordinary General Assembly was held on 28 June 2022 with the following results:

- Approved the Directors' Report for the year ended 31 December 2021
- Approval of the auditors' report for the fiscal year ended 31 December 2021;
- Ratified the Financial Statements for the year ended 31 December 2021;
- Absolved the Board of Directors from responsibility for their actions during the year ended 31 December 2021;
- Approved disbursement of 2,142,000riyals remuneration for members of board of directors for the fiscal year ended 31 December 2021;
- Approved the appointment of the Company's auditors from among the candidates based on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2022 and the first quarter of the year 2023 and approved their fees;
- Approved the businesses and contracts concluded between the company and Almarai Company which Chairman of the Board of Directors Prince Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer has indirect interest in it, i.e. insurance policies according to the company's approved policies for the year 2021 for one-year period, for 162,922 riyals without any preferential interests or benefits;
- Approved the businesses and contracts concluded between the company and Al-Yamama Cement Company which Chairman of the Board of Directors Prince Nayef bin Sultan bin Mohammed bin Saud AL Kabeer has indirect interest in it, i.e. insurance policies according to the company's approved policies for the year 2021 for one-year period, for 15,329 riyals without any preferential interests or benefits;
- Approved the businesses and contracts concluded between the company and private establishments which HH Prince Sultan bin Mohammed bin Saud Al-Kabeer and the Chairman of the Board of Directors Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer has Indirect interest in it, i.e. insurance policies according to the company's approved policies for the year 2021 for one-year period, for 3,433 without any preferential interests or benefits;
- Approved the businesses and contracts concluded between the company and Samama Group which Board Member Mr. Turki Al-Mutawa has Indirect interest in it, i.e. insurance policies according to the company's approved policies for the year 2021 for one-year period, for 7,672 without any preferential interests or benefits;
- Approved the businesses and contracts concluded between the company and Al-Obeikan Investment Group in which Board Member Mr. Abdullah Al Obeikan has indirect interest in it, i.e. insurance policies according to the company's approved policies for the year 2021 for one-year period, for 27,889 without any preferential interests or benefits;
- Approved the businesses and contracts concluded between the company and Al-Obeikan Investment Group in which Board Member Mr. Abdullah Al Obeikan has indirect interest in it, i.e. insurance policies according to the company's approved policies for the year 2021 for one-year period, for 231 without any preferential interests or benefits;
- Approved the businesses and contracts concluded between the company and Bahrain National Insurance Company in which Board Member Mr. Samir Al Wazzan has indirect interest in it, i.e. insurance premiums according to the company's approved policies for the year 2021 for one-year period, for 87 without any preferential interests or benefits;
- Approved Board of Directors recommendation on refraining from distribute cash dividends for the financial period 31 December 2021;
- Approved the appointing of Mr. Mohammed Al Kinani as an independent member of the Board of Directors starting 29 May 2022 to complete the term of the Board until the date of the end of the current session on 11 September 2022 in order to cover the vacancies resulting from the merger process (independent – non Executive);
- Approved the appointing of Mr. Saud Bajbeer as a non-executive member of the Board of Directors starting 29 May 2022 to complete the term of the Board until the date of the end of the current session on 11 September 2022 in order to cover the vacancies resulting from the merger process (independent – non Executive).

Second Ordinary General Assembly was held on 11 September 2022 with the following results:

1. Approved the election of board members for the next term starting from the date of the assembly meeting on 11 September 2022 and for three years, which ends on 10 September 2025. The elected members are as follows:

• HH. Prince Nayef Bin Sultan Bin Saud Al Kabeer	Chairman
• Mr. Sameer Al Wazzan	Vice Chairman
• Mr. Turki Al Mutawa	Member
• Mr. Abdallah A. Al Obeikan	Member
• Mr. Raid A. Al Seif	Member
• Mr. Mohammed Bin Ali	Member

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|--------------------------|--------|
| • Mr. Saud Bajbair | Member |
| • Mr. Abdullah Al Meshal | Member |

Based on the resolution of the Board of Directors on 18 September 2022, that the company has received a non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022.

2. Approve the formation of the Audit Committee, and defining its duties, operating controls, and remuneration for its members for the new term starting on 11 September 2022 and for of three years ending on 10 September 2025, and the members are as follows:

- Mr. Mohammed Bin Ali - Audit Committee Chairman
- Mr. Loutfi Echhade - Audit Committee Member
- Mr. Fahad Al Kahtani- Audit Committee Member

Extraordinary General Assembly Meeting

No Extraordinary General Assembly Meeting was held in 2022.

Corporate Governance

The Company's corporate governance policy sets out the guidelines, standards and principles regulating its activities.

The Company has implemented all applicable provisions prescribed in both Capital Market Authority and SAMA Corporate Governance Regulations with except to the following:

Article No. / Clause No.	Article	Reason for Non-application	Date of Implementation
Article 41 / E	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Guiding article. Board of Directors agreed to implement the necessary measures to appoint an independent consultant to evaluate members of the current board after the end of the current term	After the end of the current term
Article 85	The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes shall particularly include the following: 1) Forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions; 2) Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and 3) Establishing social organisations for the benefit of the Company's employees.	Guiding Article	Board of Directors will evaluate the necessity of implementation later
Article 87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Guiding Article	Board of Directors will evaluate the necessity of implementation later
Article 88	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company, which include: 1) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities; 2) disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility; 3) Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and 4) establishing awareness programmes to the community to familiarize them with the Company's social responsibility.	Guiding Article	Board of Directors will evaluate the necessity of implementation later
Article 93 / B	The disclosures in this article and in the Board report shall be pursuant to the appended schedule.	The company committed to disclose total remuneration of the senior executive management in accordance with the requirements of Article 93(4-b) of the Corporate Governance Rules. In order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives.	Will be reviewed by Board of Directors next year
Article 95	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Guiding article. The compliance department is responsible for ensuring correct application of effective governance standards, directly under the supervision of the audit committee. An annual report is shared with the board of directors regarding the required governance standards. If the company appoints a governance committee in the future, these responsibilities will be transferred and will fall under the governance committee	Board of Directors will evaluate the necessity of implementation annually

Subsidiary or Associated Companies

From incorporation of the Company to date the Company has not had any Subsidiary or Associated Companies.

Board of Directors, Board Secretary, Committees and Executive Management

Board of Directors and Board Secretary						
Name	Capacity	Classification	Current Job Title	Previous Job Title (Last 3 Years)	Relevant Qualifications	Relevant Experience
HH Prince Naif Bin Sultan Bin Saud Al Kabeer	Chairman	Non-Executive	Chairman – Zain Chairman - Sultan Holding Co Chairman - Almarai Co Vice Chairman - Farabi Petrochemicals Co Board Member - Tejoury Board Member - Yamama Saudi Cement Co Board Member - Kuwait China Investment Co Board Member - Tarabot Investment & Development Co Board Member – Ideal Factory for Sweets and Pastries Co Board Member – Al Nafoura Food Supply Co Board Member – Dar Al Selal Factory Co. Board Member – Diplomat for Sweets and Pastries Co	Chairman – Zain Chairman - Sultan Holding Co Chairman - Almarai Co Vice Chairman - Farabi Petrochemicals Co Board Member - Tejoury Board Member - Yamama Saudi Cement Co Board Member - Kuwait China Investment Co Board Member - Tarabot Investment & Development Co	BA Administrative Science	12 Years
Mr. Sameer Al Wazzan	Vice Chairman	Non-Executive	Chairman - United Insurance Company CEO - The Bahrain National Holding Co Board Member - National Finance House Board Member - AL Kindi Specialised Hospital	Chairman - United Insurance Company CEO - The Bahrain National Holding Co Board Member - National Finance House Board Member - AL Kindi Specialised Hospital	BA Engineering	40 Years
Mr. Abdallah Al Obeikan	Member	Non-Executive	Chairman - Obeikan Glass Co Vice Chairman - National Water Co Vice Chairman - Dussur Board Member - Social Development Bank Board Member - Obeikan Investment Group Co's Board Member - SIG Combibloc Board Member - Yamama Saudi Cement Co Board Member - MODON Board Member - National Industrial Development Centre Board Member - Sulaiman Al Rajhi Charitable Foundation	Chairman - Obeikan Glass Co Vice Chairman - National Water Co Vice Chairman - Dussur Board Member - Social Development Bank Board Member - Obeikan Investment Group Co's Board Member - SIG Combibloc Board Member - Yamama Saudi Cement Co Board Member - MODON Board Member - National Industrial Development Centre Board Member - Sulaiman Al Rajhi Charitable Foundation	BA Electrical Engineering	32 Years
Mr. Turki Al Mutawa	Member	Non-Executive	VP Investments - Samama Group Co Board Member - Arabian Waterproofing Industries Co	VP Investments - Samama Group Co Board Member - Arabian Waterproofing Industries Co	BA Business & Marketing	12 Years
Mr. Saud Bajbair*	Member	Non-Executive	Head of Consumer Network – SNB	Head of Strategy and Analysis for Consumer Banking- SNB	BA Industrial Engineering	20 Years
Mr. Mohammed Bin Ali	Member	Independent	Director of Finance & Administration - Haboob for Comm. and Information Technology Audit Committee Chairman - Tamkeen Human Res.	Director of Finance & Administration - Haboob for Comm. and Information Technology Audit Committee Chairman - Tamkeen Human Res. CFO - Aja Pharma Industries Co	BA Administrative Science	22 Years

Mr. Abdullah Al Meshal	Member	Independent	Head of Creative Projects Co Board Member - Alandalus Real Estates Co Board Member – Saudi Industrial Exports	Head of Creative Projects Co Board Member - Alandalus Real Estates Co Board Member – Saudi Industrial Exports	BA Law	13 Years
Mr. Raed Al Saif	Member	Independent	Chairman - ANBI Board Member – Zain Board Member – IBC Environmental Board Member – Ideal Factory for Sweets & Bakeries co. Board Member – Al Nafoura Food Catering Company Board Member – Al Nafoura & Ideal United Board Member – Al Nafoura Restaurant Board Member – Diplomat Sweets Co. Board Member – Diplomat Sweets Factory Co. Board Member – Basket House Factory	Chairman - ANBI Board Member - Zain Board Member - IBC Environmental Board Member – Ideal Factory for Sweets & Bakeries co. Board Member – Al Nafoura Food Catering Company Board Member – Al Nafoura & Ideal United Board Member – Al Nafoura Restaurant Board Member – Diplomat Sweets Co. Board Member – Diplomat Sweets Factory Co. Board Member – Basket House Factory	BA Administrative Science	17 Years
Dr. Mohammed Al Kinani*	Member	Independent	Board Member – Dahran Valley Technology Holding Co Board Member - Saudi Real Estate Finance C Board Member – Lejam Sports Co Board Member – Arab National Bank Board Member - Dhahran Valley Business Services Co Board Member - Business Oasis Park Co	Board Member – Dahran Valley Technology Holding Co Board Member - Saudi Real Estate Finance C Board Member – Lejam Sports Co Board Member - Dhahran Valley Business Services Co Board Member - Business Oasis Park Co Board Member – Alahli Takfull Co	Ph.D. degree in Finance Master's degree in Finance A Chartered Financial Analyst (CFA)	14 Years
Mr. Abdulaziz Bin Saeed	Board Secretary	Executive	Chief Governance & Compliance Officer	Chief Governance & Compliance Officer	Bachelor of Law Master of Law	10 Years
Board of Directors appointed at General Assembly on 11 September 2022 for three-year term beginning 11 September 2022 and ending 10 September 2025 - non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022.						
Dr. Mohammed Al Kinani membership starts on 29 May 2022 and ends on 10 September 2022 in order to complete the BOD current term.						
Mr. Saud Bajbair membership starts on 29 May 2022 and ends on 10 September 2022 in order to complete the BOD current term.						
Mr. Abdulaziz Bin Saeed appointed as Board Secretary from 11 September 2022 - non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022						

Executive Committee					
Name	Capacity	Current Job Title	Previous Job Title (Last 3 Years)	Relevant Qualifications	Relevant Experience
Mr. Sameer Al Wazzan*	Member/ Chairman	Chairman - United Insurance Company CEO - The Bahrain National Holding Co Board Member - National Finance House Board Member - AL Kindi Specialised Hospital	Chairman - United Insurance Company CEO - The Bahrain National Holding Co Board Member - National Finance House Board Member - AL Kindi Specialised Hospital	BA Engineering	40 Years
Mr. Abdullah Alobekan **	Member/ Chairman	Chairman - Obeikan Glass Co Vice Chairman - National Water Co Vice Chairman - Dussur Board Member - Social Development Bank Board Member - Obeikan Investment Group Co's Board Member - SIG Combibloc Board Member - Yamama Saudi Cement Co Board Member - MODON Board Member - National Industrial Development Centre Board Member - Sulaiman Al Rajhi Charitable Foundation	Chairman - Obeikan Glass Co Vice Chairman - National Water Co Vice Chairman - Dussur Board Member - Social Development Bank Board Member - Obeikan Investment Group Co's Board Member - SIG Combibloc Board Member - Yamama Saudi Cement Co Board Member - MODON Board Member - National Industrial Development Center Board Member - Sulaiman Al Rajhi Charitable Foundation	BA Electrical Engineering	32 Years
Mr. Raed Al Saif	Member	Chairman - ANBI Board Member - Zain Board Member - IBC Environmental Board Member – Ideal Factory for Sweets & Bakeries co. Board Member – Al Nafoura Food Catering Company Board Member – Al Nafoura & Ideal United Board Member – Al Nafoura Restaurant Board Member – Diplomat Sweets Co. Board Member – Diplomat Sweets Factory Co. Board Member – Basket House Factory	Chairman - ANBI Board Member - Zain Board Member - IBC Environmental Board Member – Ideal Factory for Sweets & Bakeries co. Board Member – Al Nafoura Food Catering Company Board Member – Al Nafoura & Ideal United Board Member – Al Nafoura Restaurant Board Member – Diplomat Sweets Co. Board Member – Diplomat Sweets Factory Co. Board Member – Basket House Factory	BA Administrative Science	17 Years
Mr. Salman Al Sudairy	Member	Board Member – Abdularhman Al – Sudairy Foundation MD – Tejoury CJSC MD – Archiving Warehouse Ltd. Board Member - Laian Homes Company LLC GM Isnad Corp MD - Tejoury Bahrian Board Member - Almarai Co	Chairman - Tasliah Limited MD - Tejoury CJSC Board Member - PRISM International MD – Archiving Warehouse Ltd. Board Member - Laian Homes Company LLC	BA Business Administration	10 Years
Mr. Saud Bajbair***	Member	Head of Consumer Network – SNB	Head of Strategy and Analysis for Consumer Banking- SNB	BA Industrial Engineering	20 Years
<p>Mr. Samir Al-Wazzan* Appointed as the Chairman of the Committee in its new session on September 18, 2022 for a period of three years starting on September 11, 2022 and ending on September 10, 2025 - No objection letter from the Saudi Central Bank (SAMA) on November 06, 2022</p> <p>Mr. Abdullah Al-Obeikan ** Abdullah Al-Obeikan's term as Chairman and member of the Executive Committee ended at the end of its session on September 10, 2022.</p> <p>Mr. Saud Bajbair *** Appointed as a member of the new committee on September 18, 2022 for a period of three years starting on September 11, 2022 and ending on September 10, 2025 - No objection letter from the Saudi Central Bank (SAMA) on November 06, 2022</p>					

Investment Committee					
Name	Capacity	Current Job Title	Previous Job Title (Last 3 Years)	Relevant Qualifications	Relevant Experience
Mr. Raed Al Saif	Chairman	Chairman - ANBI Board Member - Zain Board Member - IBC Environmental Board Member – Ideal Factory for Sweets & Bakeries co. Board Member – Al Nafoura Food Catering Company Board Member – Al Nafoura & Ideal United Board Member – Al Nafoura Restaurant Board Member – Diplomat Sweets Co. Board Member – Diplomat Sweets Factory Co. Board Member – Basket House Factory	Chairman - ANBI Board Member - Zain Board Member - IBC Environmental Board Member – Ideal Factory for Sweets & Bakeries co. Board Member – Al Nafoura Food Catering Company Board Member – Al Nafoura & Ideal United Board Member – Al Nafoura Restaurant Board Member – Diplomat Sweets Co. Board Member – Diplomat Sweets Factory Co. Board Member – Basket House Factory	BA Administrative Science	15 Years
Mr. Turki Al Mutawa*	Member	VP Investments - Samama Group Co Board Member – Arabian Waterproofing Industries Co	VP Investments - Samama Group Co Board Member – Arabian Waterproofing Industries Co	BA Business & Marketing	10 Years
Mr. Salman Al Sudairy	Member	Board Member – Abdularhman Al – Sudairy Foundation MD – Tejoury CJSC MD – Archiving Warehouse Ltd. Board Member – Laian Homes Company LLC GM Isnad Corp MD - Tejoury Bahrian Board Member - Almarai Co	Chairman - Tasliah Limited MD - Tejoury CJSC Board Member - PRISM International MD – Archiving Warehouse Ltd. Board Member – Laian Homes Company LLC	BA Business Administration	10 Years
Mr. Abdullallah Al Meshal *	Member	Head of Creative Projects Co Board Member - Alandalus Real Estates Co Board Member – Saudi Industrial Exports	Head of Creative Projects Co Board Member - Alandalus Real Estates Co Board Member – Saudi Industrial Exports	BA Law	13 Years
New Committee appointed on 18 September 2022 for three-year term beginning 11 September 2022 and ending 10 September 2025 - non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022					
* Mr. Turki Al Mutawa Membership ended as the term ended on 11 September 2022 and replaced by Mr. Abdullallah Al Meshal membership from the start of the new term.					

Nomination and Remuneration Committee					
Name	Capacity	Current Job Title	Previous Job Title (Last 3 Years)	Relevant Qualifications	Relevant Experience
Mr. Mohammed Bin Ali	Chairman	Director of Finance & Administration - Haboob for Comm. and Information Technology Audit Committee Chairman - Tamkeen Human Res.	Director of Finance & Administration - Haboob for Comm. and Information Technology Audit Committee Chairman - Tamkeen Human Res.	BA Administrative Science	20 Years
Mr. Sameer Al Wazzan	Member	Chairman - United Insurance Company CEO - The Bahrain National Holding Co Board Member - National Finance House Board Member - AL Kindi Specialised Hospital	Chairman - United Insurance Company CEO - The Bahrain National Holding Co Board Member - National Finance House Board Member - AL Kindi Specialised Hospital	BA Engineering	40 Years
Mr. Taha Azhari	Member	Board Member –Batic Inv and Logistic Co Board Member – Zahrat Al Waha for Trading Co Audit Committee Member – Comprehensive Financial Solutions Co	Board Member –Batic Inv and Logistic Co Board Member – Zahrat Al Waha for Trading Co Audit Committee Member – Aljazera Bank	Bachelor of Science – Accounting	20 Years
New Committee appointed on 18 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025. non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022					

Risk Committee					
Name	Capacity	Current Job Title	Previous Job Title (Last 3 Years)	Relevant Qualifications	Relevant Experience
Mr. Abdallah Al Obeikan*	Chairman	Chairman - Obeikan Glass Co Vice Chairman - National Water Co Vice Chairman - Dussur Board Member - Social Development Bank Board Member - Obeikan Investment Group Co's Board Member - SIG Combibloc Board Member - Yamama Saudi Cement Co Board Member - MODON Board Member - National Industrial Development Center Board Member - Sulaiman Al Rajhi Charitable Foundation	Chairman - Obeikan Glass Co Vice Chairman - National Water Co Vice Chairman - Dussur Board Member - Social Development Bank Board Member - Obeikan Investment Group Co's Board Member - SIG Combibloc Board Member - Yamama Saudi Cement Co Board Member - MODON Board Member - National Industrial Development Center Board Member - Sulaiman Al Rajhi Charitable Foundation	BA Electrical Engineering	30 Years
Mr. Saud Bajbair*	Chairman	Head of Consumer Network – SNB	Head of Strategy and Analysis for Consumer Banking- SNB	BA Industrial Engineering	20 Years
Mr. Taha Azhari	Member	Board Member –Batic Inv and Logistic Co Board Member – Zahrat Al Waha for Trading Co Audit Committee Member – Comprehensive Financial Solutions Co	Board Member –Batic Inv and Logistic Co Board Member – Zahrat Al Waha for Trading Co Audit Committee Member – Aljazera Bank	Bachelor of Science – Accounting	20 Years
Mr. Turki Al Mutawa	Member	VP Investments - Samama Group Co Board Member - Arabian Waterproofing Industries Co	VP Investments - Samama Group Co	BA Business & Marketing	12 Years
New Committee appointed on 18 September 2022 for three-year term beginning 11 September 2022 and ending 10 September 2025 non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022					
* Mr. Abdallah Al Obeikan membership ended on 10 September 2022 and was replaced by Mr. Saud Bajbair from the start of the new term.					

Executive Management				
Name	Current Job Title	Previous Job Title (Last 3 Years)	Relevant Qualifications	Relevant Experience
Mr. Bassel Al Abdulkarim	CEO	Deputy CEO CEO	BA Computer Engineering MBA Management Information Systems MS Engineering Management Cert. CII	12 Years
Mr. Abdulrahman Al Obrah	DCEO & COO	DCEO & COO – ASICO	BA Economics	19 Years
Mr. Mohammed Atef	CFO	Head of Strategic Financial Planning CFO – Warba Insurance Co	BA Business Administration Master in Finance	17 Years
Mr. Mohammed Aqeel	Chief Technical Officer	CTO – ASICO	BA Accounting Master in Financial Risk Management	12
Ms. Nojoud Al Qahtani	Head of Internal Audit	Head of Internal Audit – ASICO	BA Business Administration Master in Finance	1 Year
Mr. Rayan Al Kathlan	Head of Risk Management – Acting	Compliance Manager	Dip CII BA Business Administration	5 Years
Ms. Shaikah Al Swaliem	Head of Human Resources	Head of Human Resources - Acting	Human Resource Management, Bachelor, King Saud University	4 years
Mr. Mohammed Al Mutairy	Head of Medical	Chief Medical Underwriter	Business Administration, Bachelor, King Faisal University	7 years
Ms. Kholod Awadh	Head of Customer Care	Call Centre & Complaints Manager	Professional Qualifications in Insurance Field	10 Years
Mr. Abdul Aziz Binsaeed	Chief Governance and Compliance	Compliance and Regulatory Manager Board Secretary	Bachelor of Law Master of Law	10 Years

Entities of which a Board Member is or previously was in last three years a member of Board or Management

Arabian Shield Board	Entities in which Board Member is a member of the Board or Management							
	Current				Last Three Years			
	Board or Management of	Role	KSA Non KSA	Listed Unlisted	Board or Management of	Role	KSA Non KSA	Listed Unlisted
HH Prince Naif Bin Sultan Bin Saud Al Kabeer - Chairman	Zain	Board	KSA	Listed	Almarai Co	Board	KSA	Listed
	Sultan Holding Co	Board & Management	KSA	Unlisted	Zain	Board	KSA	Listed
	Almarai Co	Board	KSA	Listed	Tejoury	Board	KSA	Unlisted
	Tejoury	Board	KSA	Unlisted	Yamama Saudi Cement Co	Board	KSA	Listed
	Yamama Saudi Cement Co	Board	KSA	Listed	Kuwait China Investment Co	Board	Non KSA	Listed
	Farabi Petrochemicals Co	Board	KSA	Unlisted	Tarabot Investment and Development Co	Board	KSA	Unlisted
	Kuwait China Investment Co	Board	Non KSA	Listed				
	Tarabot Investment & Development Co	Board	KSA	Unlisted				
	Dar Al Selal Factory Co	Board	KSA	Unlisted				
	Al Nafoura Food Supply Co	Board	KSA	Unlisted				
	Diplomat for Sweets and Pastries Co	Board	KSA	Unlisted				
Mr. Sameer Al Wazzan - Vice Chairman	The Bahrain National Holding Co	Management	Non KSA	Listed	Bahrain National Holding Co	Management	Non KSA	Listed
	National Finance House	Board & Management	Non KSA	Unlisted	United Insurance Co	Board	Non KSA	Unlisted
	United Insurance Company	Board	Non KSA	Unlisted				
	AL Kindi Specialised Hospital	Board	Non KSA	Unlisted				
Mr. Abdallah Al Obeikan	Social Development Bank	Board	KSA	Unlisted	National Water Co	Board	KSA	Unlisted
	National Water Co	Board	KSA	Unlisted	Obeikan Investment Group Co's	Board	KSA	Unlisted
	Obeikan Investment Group Co's	Board	KSA	Unlisted	Sulaiman Al Rajhi Charitable Foundation	Board	KSA	Unlisted
	SIG Combibloc	Board	KSA	Unlisted	SIG Combibloc	Board	KSA	Unlisted
	Obeikan Glass Co	Board	KSA	Listed	Dussur Co	Board	KSA	Unlisted
	Yamama Saudi Cement Co	Board	KSA	Listed	Yamama Saudi Cement Co	Board	KSA	Unlisted
	MODON	Board	KSA	Unlisted	MODON	Board	KSA	Unlisted
	National Industrial Development Centre	Board	KSA	Unlisted				
	Dussur Co	Board	KSA	Unlisted				
	Sulaiman Al Rajhi Charitable Foundation	Board	KSA	Unlisted				
Mr. Turki Al Mutawa	Arabian Water Proofing Co	Board	KSA	Unlisted	Arabian Water Proofing Co	Board	KSA	Unlisted
	Samama Group Co's	Board & Management	KSA	Unlisted	Samama Group Co's	Board & Management	KSA	Unlisted
Mr. Mohammed Bin Ali	Haboob for Comm. and Information Technology	Management	KSA	Listed	Aja Pharmaceutical Industries Co	Management	KSA	Listed
	Tamkeen for Human Resoureces Co	Management	KSA	Unlisted	Haboob for Comm. and Information Technology	Management	KSA	Listed
	Head of Consumer Network – SNB	Management	KSA	Listed	Head of Startegy and analysis for Consumer Banking - SNB	Management	KSA	Listed
Mr. Mohammed Al Kinani *	Dahran Valley Technology Holding Co	Board	KSA	Unlisted	Dahran Valley Technology Holding Co Saudi	Board	KSA	Unlisted
	Saudi Real Estate Finance Co	Board	KSA	Unlisted	Real Estate Finance Co	Board	KSA	Unlisted
	Lejam Sports Co	Board	KSA	Unlisted	Lejam Sports Co	Board	KSA	Unlisted
	Arab National Bank	Board	KSA	Listed	Arab National Bank	Board	KSA	Listed
	Dhahran Valley Business Services Co	Board	KSA	Unlisted	Dhahran Valley Business Services Co	Board	KSA	Unlisted
	Business Oasis Park Co	Board	KSA	Unlisted	Business Oasis Park Co	Board	KSA	Unlisted
Mr. Raed Al Saif	ANBI	Board	KSA	Unlisted	ANBI	Board	KSA	Unlisted
	Zain	Board	KSA	Listed	Zain	Board	KSA	Listed
	IBC Environmental	Board	KSA	Unlisted	IBC Environmental	Board	KSA	Unlisted
	Ideal Factory for Sweets & Bakeries Co	Board	KSA	Unlisted	Ideal Factory for Sweets & Bakeries Co	Board	KSA	Unlisted

Al Nafoura Food Catering Co	Board	KSA	Unlisted	Al Nafoura Food Catering Co	Board	KSA	Unlisted
Al Nafoura & Ideal United	Board	KSA	Unlisted	Al Nafoura & Ideal United	Board	KSA	Unlisted
Al Nafoura Restaurant	Board	KSA	Unlisted	Al Nafoura Restaurant	Board	KSA	Unlisted
Diplomat Sweets Co	Board	KSA	Unlisted	Diplomat Sweets Co	Board	KSA	Unlisted
Diplomat Sweets Factory Co	Board	KSA	Unlisted	Diplomat Sweets Factory Co	Board	KSA	Unlisted
Dar Al Selal Factory Co	Board	KSA	Unlisted	Dar Al Selal Factory Co	Board	KSA	Unlisted

Board of Directors appointed at General Assembly on 11 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025

Mr. Abdulaziz Bin Saeed appointed as Board Secretary starts 18 September 2022 and ending 10 September 2025.

* Dr. Mohammed Alkinani membership starts on 29 May 2022 and ends on 10 September 2022 in order to complete the boards of director's current term.

**Mr. Saud Bajbair membership starts on 29 May 2022 and ends on 10 September 2022 in order to complete the BOD current term and he was re-elected as a Board Director 11 September 2022 for three years.

Non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022.

Board of Directors Meetings and Attendance

Board of Directors Meetings and Attendance							
Director	Capacity	Meetings and Attendance in 2022					
		29 March	28 June	18 September	30 November	13 December	Total
HH Prince Naif Bin Sultan Bin Saud Al Kabeer	Chairman	A	A	A	A	A	5
Mr. Sameer Al Wazzan	Vice Chairman	A	A	A	A	A	5
Mr. Abdullah Al Obekan	Member	A	A	A	A	A	5
Mr. Raid Al Saif	Member	A	A	A	A	A	5
Mr. Mohammed Bin Ali	Member	A	A	A	A	A	5
Mr. Turki Al Motawa'a	Member	A	A	A	A	A	5
Mr. Abdulllah Almeshal	Member	NA	NA	A	A	A	3
Mr. Saud Bajbeer *	Member	NA	A	A	A	A	4
Dr. Mohammed AlKinani **	Member	NA	A	NA	NA	NA	1
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable							
Board of Directors appointed at General Assembly on 11 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025 - non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022							
Mr. Abdulaziz Bin Saeed appointed as Board Secretary from 11 September 2022 - Non objection letter received from SAMA on 13 September 2022.)							
* Mr. Saud Bajbair membership starts on 29 May 2022 and ends on 10 September 2022 in order to complete the BOD current term and he was re-elected as a Board Director 11 September 2022 for three years.							
** Dr. Mohammed Alkinani membership starts on 29 May 2022 and ends on 10 September 2022 in order to complete the BOD current term.							
Non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022 for the new term.							

As there are no Executive Directors it is not necessary to hold closed meetings - the Executive Management and Board Secretary are requested to leave the meeting during any discussions, if needed.

Principal Roles and Responsibilities of Committees, meetings and attendance in 2022

Executive Committee							
Name	Capacity	Meetings and Attendance in 2022					
		20 June	02 August	22 Dec	29 December	30 December	Total
Mr. Sameer Al Wazzan	Chairman	A	A	A	A	A	5
Mr Abdullah AlObekan**	Chairman	A	A	-	-	-	2
Mr. Raed Al Saif	Member	A	A	A	A	A	5
Mr. Saud Bajbear***	Member	-	-	A	A	A	3
Mr. Salman Al Sudairy	Member	A	A	A	A	A	5
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable							
New Committee appointed on 18 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025 - non-objection letter from the Saudi Central Bank (SAMA) on 06 November 2022 for the new term.							
* Mr. Sameer Al Wazzan Mermbership as chairman starts on 18 September 2022 and ends on 10 September 2025							
**Mr Abdullah AlObekan membership as a chairman on 11 September 2019 and ends on 10 September 2022.							
*** Mr. Saud Bajbear membership starts on 18 September 2022 and ends on 10 September 2025							

Major principal roles and responsibilities of Executive Committee are:

- Review strategy and agree targets with management and present for Board of Directors approval.
- Monitor operations and ensure that financial results are in line with Board of Directors approved targets.
- Report to the Board of Directors any significant variations and to recommend changes to achieve improvements.
- Review annual budgets and present for Board of Directors approval.
- Recommend to the Board of Directors authority limits for day-to-day operations as agreed with management.
- Review and approve the appointment of senior staff as requested by the Nomination & Remuneration Committee.
- Monitor corporate governance and risk management policies.

Investment Committee				
Name	Capacity	Meetings and Attendance in 2022		
		29 March	01 November	20 December
Mr. Raed Al Saif	Chairman	A	A	A
Mr. Salman Al Sudairy	Member	A	A	A
Mr. Turki Al Mutawa*	Member	A	A	A
Mr. Abdullallah Al Meshal**	Member	NA	A	A
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable				
<p>New Committee appointed on 18 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025 – (SAMA) approval received on 06 November 2022</p> <p>* Mr. Turki Al Mutawa membership ended as the term ended on 11 September 2022</p> <p>** Mr. Abdullallah Al Meshal membership starts 18 September 2022 and ends on 10 September 2025.</p>				

Major principal roles and responsibilities of Investment Committee are:

- Define the investment objectives of the Company.
- Formulate the investment policy of the Company.
- Ensure that management secure SAMA approval of the investment policy.
- Choose between internal and external investment management.
- Ensure all investments conform to statutory limitations.
- Approve specific investments.
- Delegate authority as appropriate.
- Review investment performance.

Audit Committee													
Name	Capacity	Meetings and Attendance in 2022											
		15 February	09 March	11 May	15 May	30 May	29 June	07 August	26 August	28 September	02 November	13 November	Total
Mr. Mohammed Bin Ali	Chairman	A	A	A	A	A	A	A	A	A	A	A	11
Mr. Loutfi Chahade	Member	A	A	A	A	A	A	A	A	A	A	A	11
Mr. Fahad Al Qahtani *	Member	NA	NA	NA	NA	NA	NA	NA	NA	A	A	A	3
Mr. Majed Qwaider**	Member	A	A	A	A	A	A	A	A	NA	NA	NA	8
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable													
New Committee appointed on 11 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025. * Mr. Fahad Al Qahtani from 11 September 2022 for three years to 10 September 2025 ** Mr. Majed Qwaider membership ended on 10 September 2022.													

Major principal roles and responsibilities of Audit Committee are:

- Ensure adherence to applicable laws and regulations through the compliance officer and the internal and external auditors.
- Review annual & interim Financial Statements, consider whether they are complete and consistent with information known to committee members and reflect appropriate accounting principles.
- Periodically review the financial and accounting policies in practice and provide comments and recommendations on such policies to the Board of Directors.
- Review the adequacy and integrity of internal control systems.
- Review internal audit plans and progress reports, discuss reports arising from internal audit reviews, management response and evaluate implementation of agreed action plans.
- Recommend to the Board of Directors appointment, re appointment, removal, resignation and dismissal of external auditors.
- Review the external auditors' findings and reports to ensure appropriate and prompt remedial action on all deficiencies.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Regularly report to the Board of Directors about committee activities, issues, and related recommendations.

Nomination and Remuneration Committee				
Name	Capacity	Meetings and Attendance in 2022		
		20 March	27 November	31 December
Mr. Mohammed Bin Ali	Chairman	A	A	A
Mr. Sameer Alwazzan	Member	A	A	A
Mr. Taha Azhari	Member	A	A	A
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable				
New Committee appointed on 18 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025 - SAMA approval granted on 11 June 2022.				

Principal roles and responsibilities of Nomination & Remuneration Committee are:

- Recommend to the Board of Directors appointments to membership of the Board of Directors in accordance with the approved policies and standards.
- Annual review of the requirement of suitable skills for membership of the Board of Directors and the preparation of a description of the required capabilities and qualifications for such membership including, inter alia, the time that a member should reserve for the activities of the Board of Directors.
- Review the structure of the Board of Directors and recommend changes.
- Determine the points of strength and weakness in the Board of Directors and recommend remedies.
- Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company.
- Draw clear policies regarding the indemnities and remunerations of the members of Board of Directors, Committees and Executive Management. In laying down such policies the standards related to performance shall be followed.

Risk Committee				
Name	Capacity	Meetings and Attendance in 2022		
		20 June	22 December	Total
Mr. Abdullah AlObekan *	Chairman	A	NA	1
Mr. Saud Bajbear *	Chairman	NA	A	1
Mr. Turki Al Mutawa	Member	A	A	2
Mr. Taha Azhari	Member	A	A	2
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable				
New Committee appointed on 18 September 2022 for three year term beginning 11 September 2022 and ending 10 September 2025				
*Mr. Abdullah AlObekan membership starts on 11 September 2019 and ends on 10 September 2022.				
* Mr. Saud Bajbair membership as chairman starts 18 September 2022 and ending 10 September 2025.				

Major principal roles and responsibilities of Risk Committee are:

- Define a comprehensive risk management strategy and oversee its implementation.
- Review and update the risk management strategy on a regular basis taking into account internal and external developments.
- Re-evaluate tolerance for and exposure to risk on a regular basis and incorporate stress testing techniques.
- Identify risks that may imperil the Company and ensure an acceptable risk profile is maintained at all times.
- Continually oversee risk management systems and assess their effectiveness.
- Review, update and amend risk management policies regularly.
- Report to the Board of Directors details of key and any new risk exposures and recommend actions to manage them.
- Advise the Board of Directors regarding all issues related to risk management.

Performance evaluation methodology deployed by the Board of Directors

Nomination and Remuneration Committee developed appraisal processes to evaluate performance of Board of Directors, Board Members, Board Secretary, Committees and Committee Members.

No evaluation of the Board of Directors by an external body has been undertaken in 2022. This evaluation will take place after the end of the current term.

Principal roles and responsibilities of Board of Directors are:

- Setting standards for membership of the Board of Directors and implementing them after General Assembly approval.
- Approving the strategic plans and main objectives of the Company and supervising their implementation.
- Setting and updating comprehensive strategies and policies related to risk management and ensuring their implementation.
- Ensuring the integrity of financial and accounting procedures and preparation of financial reports.
- Determining the most appropriate capital structure, financial objectives and approving budgets and capital expenditure.
- Setting performance objectives and supervising their implementation.
- Reviewing and approving the organisational and functional structures of the Company.
- Developing a conflict of interest written policy for members of the Board of Directors, Key Executives and Shareholders.
- Approving a corporate governance code for the Company including internal control policies and systems, annually supervising and monitoring effectiveness and amending it whenever necessary.
- Approving a code of conduct for the Company's executives and employees compatible with proper professional and ethical standards for protecting the rights of and relationships with stakeholders including settlement of complaints or disputes arising and the protection of related confidential information.

Company Policy for Remuneration of Board of Directors, Board Secretary, Committees and Key Executives

Company policy for remuneration of members of the Board of Directors, Board Secretary, Committees and Key Executives is developed by the Nomination and Remuneration Committee and approved by the Board of Directors.

The main features of the current policy are:

- Comply with the Articles of Association which define maximum and minimum amounts;
- Propose annual remuneration for Members of Board of Directors, Committees and Board Secretary for approval by the Board of Directors to be presented to the General Assembly for final approval and payment;
- Propose remuneration for CEO for approval by the Board of Directors; and
- Ensure remuneration for Key Executives is in accordance with the Company compensation policy.

There were no deviations from approved policy at the beginning of, at any time during or at the end of 2022.

Remuneration of Board of Directors, Committee Members and Board and Committee Secretaries paid in the year ended 31 December 2022

A provision amounting to 2,140 was made in the Financial Statements for the year ended 31 December 2021 in respect of board fees, attendance fees and reimbursement of expenses for the board and for members of the audit, executive, investment, risk and nomination and remuneration committees for the year 2021.

Approval to pay up to this amount was granted at the Extraordinary General Assembly held on 28 June 2022 and 2,151 was subsequently paid in 2022.

A provision amounting to 110 was made in the Financial Statements for the year ended 31 December 2021 in respect of remuneration for the Board Secretary for the year 2021.

Approval to pay up to this amount was granted at the Extraordinary General Assembly held on 28 June 2022 and 155 was subsequently paid in 2022.

Remuneration of Board of Directors and Board Secretary in respect of 2021 paid in 2022																
	Fixed Remuneration							Variable Remunerations						End of Service Award	Total	Expenses Allowance
	Fixed Remuneration	Allowance for Attending Board Meetings	Fixed Remuneration and Allowance for Attending Committee Meetings	In-Kind Benefits	Remunerations for Technical, Managerial and Consultative Work	Remuneration of the Chairman, MD or Secretary, if a member	Total	Percentage of the Profits	Periodic Remunerations	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares	Total			
Independent Directors																
Mr. Raed Al Saif	125	25	167	0	0	0	317	0	0	0	0	0	0	0	317	0
Total Independent Directors	125	25	167	0	0	0	317	0	0	0	0	0	0	0	317	0
Non Executive Directors																
HH Prince Naif Bin Sultan Bin Saud Al Kabeer – Chairman	125	25	0	0	0	0	150	0	0	0	0	0	0	0	150	0
Mr. Sameer Al Wazzan – Vice Chairman	125	20	151	0	0	0	296	0	0	0	0	0	0	0	296	0
Mr. Abdallah Al Obeikan	125	25	151	0	0	0	301	0	0	0	0	0	0	0	301	0
Mr. Mohammed Bin Ali	125	25	179				329						0		329	0
Mr. Turki Al Mutawa	125	15	122	0	0	0	262	0	0	0	0	0	0	0	262	0
Total Non Executive Directors	625	110	603	0	0	0	1,338	0	0	0	0	0	0	0	1,338	0
Total Directors	750	135	770	0	0	0	1,655	0	0	0	0	0	0	0	1,655	0
Board Secretary																
Mr. Abdulaziz Bin Saeed	70	0	45	0	0	0	115	0	0	0	0	0	0	0	115	0
Total Board Secretary	70	0	45	0	0	0	115	0	0	0	0	0	0	0	115	0

Remuneration of Committee Members in respect of 2021 paid in 2022				
	Board Member	Fixed Committee Remuneration (Except for the Allowance for Attending Board Meetings)	Allowance for Attending Committee Meetings	Total
Executive Committee Members				
Mr. Abdallah Al Obeikan – Chairman	Yes	80	18	98
Mr. Sameer Al Wazzan	Yes	80	15	95
Mr. Raed Al Saif	Yes	80	18	98
Mr. Salman Al Sudairy	No	80	15	95
Total		320	66	386
Investment Committee Members				
Mr. Raed Al Saif – Chairman	Yes	60	9	69
Mr. Turki Al Mutawa	Yes	60	9	69
Mr. Salman Al Sudairy	No	60	9	69
Total		180	27	207
Audit Committee Members				
Mr. Mohammed Bin Ali – Chairman	Yes	90	30	120
Mr. Majed Qwaider	No	80	30	110
Mr. Lotfi Shahadah	No	80	30	110
Total		250	90	340
Nomination and Remuneration Committee Members				
Mr. Sameer Al Wazzan – Chairman	Yes	50	6	56
Mr. Mohammed Bin Ali	Yes	50	9	59
Mr. Taha Azhari	No	50	9	59
Total		150	24	174
Risk Committee Members				
Mr. Abdallah Al Obeikan – Chairman	Yes	50	3	53
Mr. Taha Azhari	No	50	3	53
Mr. Turki Al Mutawa	Yes	50	3	53
Total		150	9	159

Remuneration of Board of Directors, Committee Members and Board and Committee Secretaries for the year ended 31 December 2022 - to be paid in the year ended 31 December 2023

A provision amounting to 2,340 was made in the Financial Statements for the year ended 31 December 2022 in respect of board fees, attendance fees and reimbursement of expenses for the board and for members of the audit, executive, investment, risk and nomination and remuneration committees all for the year 2022.

Approval to pay up to this amount shall be sought at the General Assembly to be held in 2023.

A provision amounting to 160 was made in the Financial Statements for the year ended 31 December 2022 in respect of remuneration for the Board and Committee Secretaries for the year 2022.

Approval to pay up to this amount shall be sought at the General Assembly to be held in 2023.

Remuneration of Key Executives

In the table below:

Key Executives means the CEO, the CFO and the three other executives earning the highest remuneration.

Salaries and Allowances include provision for end of service benefits.

Fixed medical and motor allowances are reported as Allowances and the costs of providing health and life insurance are reported as Benefits in Kind.

Remuneration of Key Executives for 2022	
All amounts in SAR '000	Total
Salaries	4,662
Allowances	1,302
Periodic and annual bonuses	870
Incentive schemes	0
Any compensation or other benefits in kind payable monthly or annually	163
Total	6,997

The company committed to disclose total remuneration of the senior executive management in accordance with the requirements of Article 93 (4-b) of the Corporate Governance Rules. In order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives.

Penalties, Sanctions or Controls imposed on the Company or on any Subsidiary or Associated Company or on any Related Party by the Regulator or by any other Supervisory or Judicial Authority.

Subject and reasons of the violation	Fiscal Year 2021*		Fiscal Year 2022*	
	No. of Executive Decisions	Total amount of Fines	No. of Executive Decisions	Total amount of Fines
Violating SAMA's supervisory instructions	3	150	1	-
Violating SAMA's instructions for protecting clients	-	-	-	-
Violating SAMA's instructions for conducting due diligence in combating money laundering and terrorist financing	-	-	-	-
Violating instructions of CCHI	1	5	1	220
Violating instructions of CMA and other regulatory authorities	-	-	-	-

Company received a warning letter (#A/22120 dated on 09 November 2022) for violation of SAMA instructions regarding in Cybersecurity guidelines. Action plan was discussed by the executive management, audit committee and board to rectify the violation within the timeline.

Report of Audit Committee regarding effectiveness of internal controls

The annual audit and quarterly reviews carried out by the external auditors found that internal control procedures are effective. There were no significant annual audit or quarterly review adjustments required to any of the Financial Statements and no material internal control weaknesses were notified. This outcome provides comfort that the internal control procedures followed are appropriate and effective relative to the size of the Company and its current operations, ensuring the accuracy of financial reporting, compliance with internal policies, controls and regulations.

The internal audit department successfully completed the program of audits and reviews contained in the audit plan agreed with and supervised by the Audit Committee.

The Audit Committee did not report any material issues regarding the effectiveness of internal control procedures.

Audit Committee recommendation to appoint Internal Auditor

As the Company has an established internal audit department, it was not necessary for the Audit Committee to make a recommendation in this regard during 2022, with the exception of what concerns the replacement of the resigning Head of Internal Audit.

Audit Committee Reports

There was no report received from the Audit Committee during 2022 of any conflict between the Board of Directors and the Audit Committee regarding decisions made by either of them.

There was no report received from the Audit Committee during 2022 of any refusal by the Board of Directors to follow the recommendation of the Audit Committee regarding appointment or termination of the external auditors or agreeing their fees.

All recommendations made by the Audit Committee during 2022 were accepted and endorsed by the Board of Directors.

The Audit Committee reviewed and referred to the Board of Directors for approval all Financial Statements issued during the year 2022.

Shareholder General Assembly Meetings

Shareholder General Assembly Meetings held during 2022 showing attendance of Board Members		
Board Member	Dates of and attendance at General Assembly Meetings held in 2022	
	Annual General Assembly on 28 June 2022	Annual General Assembly on 11 September 2022
HH Prince Naif Bin Sultan Bin Saud Al Kabeer - Chairman	A	AB
Mr. Sameer Al Wazzan - Vice Chairman	AB	A
Mr. Abdallah Al Obeikan	A	A
Mr. Raed Al Saif	A	A
Mr. Mohammed Bin Ali	A	A
Dr. Mohammed Al Kanani*	A	AB
Mr. Turki Al Mutawa	A	A
Mr. Saud Bajbeer**	A	A
Mr. Abdullaah AlMesal		
(A) Attendance (P) Proxy (AB) Absent (NA) Not Applicable		

Breakdown of core Company Activities showing for each the impact and contributions to results

The principal activities for which Arabian Shield Cooperative Insurance Company ("Company") was licensed were the conducting of insurance and reinsurance business in general and medical classes in Saudi Arabia in accordance with License No. TMN/6/20079 issued on 11 September 2007 by the Saudi Central Bank ("SAMA" or "Regulator"). The License was renewed for three year periods on 10 August 2010, 07 July 2013, 03 June 2016, and 26 January 2020.

At the request of the Company, SAMA approved an amendment to the License to exclude reinsurance business with effect from 30 September 2013.

A licence to write Protections and Savings lines was obtained in 2018.

As per the Articles of Association ("Articles"), the Company may undertake all activities required to transact cooperative insurance operations and related activities and to invest its funds.

In addition to its principal offices located in Riyadh, Jeddah and Khobar the Company operates through a small network of sales and service outlets throughout the Kingdom.

From incorporation of the Company to date the Company has not had any Subsidiary or Associated Companies.

Important plans and decisions (including any structural changes, business expansion, and discontinued operations) and future business expectations

The year 2022 was an eventful year for Arabian Shield in terms of expansion and positioning. The Company has achieved several milestones that strengthened its footprint in the Saudi insurance market as one of the most prominent market players with a clear vision and consistent financial performance.

In 2022, the Company concluded its first merger with Al-Ahli Takaful Company – proclaimed as one of the fastest and most technically sound mergers in the insurance industry –, engaged in a discussion for a second strategic merger with Alinma Tokio Marine Insurance Company, and crossed the one-billion turnover for the first time in its twenty-five years journey in the Saudi insurance market, while remaining focused on profitable growth and generating value for all its stakeholders.

The rapidly evolving market dynamics have put tremendous pressure on operating companies to preserve their market presence while competing within a highly fragmented industry. The Company's technical and underwriting practices have been put to test as the market goes through a difficult phase of fierce competition and dwindling technical margins. Yet, Arabian Shield reported strong top and bottom-line results compared to the previous year.

The Company has expanded its footprint throughout various sales channels, focusing on the brokers and digital channels, revamping its operational model, and restructuring its sales infrastructure team. Although the insurance rates and technical margins were thinning in 2022, the Company has actively monitored its performance and addressed any pricing or structural deviations to remain competitive and relevant without jeopardizing its shareholders' interests.

The Company has also been focusing on maximizing its investment returns from its extensive and growing investment portfolio while maintaining its conservative approach to investing shareholders' and policyholders' funds. The portfolio delivered exceptional returns in 2022, driven by flourishing interest rate markets - expected to remain favourable in the upcoming few quarters.

On the other hand, the Company managed to control its general and administrative expenses wisely, to benefit from the scalability introduced by merging with ATC's operations and workforce. The well-developed integration plan pathed the way for efficient and effective consolidation of the two entities' operational infrastructure to ensure maximum control of costs and highest productivity.

The Company has continued to invest in recruiting and developing highly skilled and qualified Saudi nationals across all workforce layers, particularly the higher management tiers, to ensure sustainability and achieve its strategic Saudisation objectives. Saudisation remained well above 80% throughout 2022.

Below is a brief regarding some of the Company's strategic decisions and announcements made throughout 2022:

Merger with Alahli Takaful Company

On 11 April 2021, the Company entered into a Memorandum of Understanding (MoU) with Al Ahli Takaful Company (ATC), one of the country's largest Protection & Saving insurers in the Kingdom, to begin a reciprocal due diligence process and to negotiate the final terms and conditions of the potential merger of ATC with Arabian Shield. The non-binding (MoU) stipulated the basis of the valuation using 'Adjusted Equity Book Value' in addition to the 'Embedded Value' of ATC's 'Protection and Savings Portfolio.'

Shareholders of ATC received newly issued shares of Arabian Shield in exchange for every share they held in ATC; the parties also agreed on the final structure of the Proposed Transaction, the final exchange ratio, subject to due diligence and valuation analysis, the composition of the board and management structure for the combined entity. It was also agreed that the future merged entity would continue to be branded as Arabian Shield Cooperative Insurance Company and headquartered in Riyadh.

On 12 June 2021, the Company signed a binding merger agreement with ATC pursuant to which all of the assets and liabilities of ATC will be transferred to Arabian Shield Insurance Company (the "Merger"), in consideration for the issuance by Arabian Shield Insurance Company.

On 12 January 2022, the merger was completed successfully after listing the Consideration Shares issued to Alahli Takaful's entitled shareholders pursuant to the merger as set out in the Shareholder Circular issued by Arabian Shield Insurance Company.

The Company completed the consolidation between the two entities' operations throughout 2022, and the post-merger entity is smoothly operating and functioning as a single unit. The concluded merger introduces an exceptional opportunity for the Company to develop a refreshed and forward-thinking strategic plan, covering all business aspects and addressing evolving market challenges and opportunities.

MOU with Alinma Tokio Marine Insurance Company

On 28 December 2022, the Company announced the signing of a non-binding Memorandum of Understanding (the "MOU") with Alinma Tokio Marine Insurance Company which is a Saudi joint stock company with a paid-up capital of SAR 300 million and a solid shareholder base comprising Alinma Bank, Tokio Marine & Nichido Fire Insurance Company (Japan) and other well-known local conglomerates, to evaluate a potential merger between the two companies.

After conducting operational, technical, financial, legal, and actuarial due diligence, engage in non-binding discussions on the terms and conditions of the potential merger. The Company will disclose any significant developments that occur regarding the potential merger.

Dividends and Shares

A resolution to refrain from distributing cash dividends for the financial year ending on 31 December 2021 was commenced based on the Board of Directors' recommendation to support and strengthen the Company's financial position and preserve the solvency margin to finance its future development plans.

Selling Fractional Shares

The completion of the process of selling fractional shares resulting from the increase in the Company's capital due to the merger with Alahli Takaful and depositing proceeds in the bank accounts of eligible shareholders.

Board of Directors Appointments

After the merger with ATC, the number of the Board of directors increased from six members to eight members after obtaining the general assembly approval to appoint two members to complete the current term of the Board of directors, which ends on 10 September 2025.

- Dr. Mohammed Alkinani - (Independent member)
- Mr. Saud Bajbair (Non-Executive Member).

In addition, a new Board was elected for three years, starting on 11 September 2022 and ending on 10 September 2025.

Licenses and Approvals of Competent Authorities

The Company announced receiving the approval of the Council of Health Insurance (CCHI) on 08 February 2022 via electronic gate services for the annual qualification renewal for one year, starting on 16 February 2022 and ending on 15 February 2023.

The Company announces that it has obtained the approval of the Saudi Central Bank to renew the license to practice insurance activity for the following: (General Insurance - Health Insurance - Protection, and saving) starting 27 December 2022 and for a period of three years ending on 23 November 2025.

New accounting standard: IFRS 17 & IFRS 9

The Company will apply IFRS 17 and IFRS 9 for the first time on 1 January 2023. Although these standards will bring significant changes to the operational accounting for insurance and reinsurance contracts and financial instruments and presentation of financial statements, these are expected to have a minimal impact on the Company's financial statements in the period of initial application.

SAMA issued circular no to ensure that insurance companies implement IFRS 17 (Insurance Contracts) to a high standard. 172, dated 20 December 2018, directing all insurance companies to execute a four-phased approach, comprising:

- Phase 1: Gap Analysis [completed within the deadline: 31 March 2019]
- Phase 2: Financial Impact Assessment [completed within the deadline: 31 March 2020]
- Phase 3: Design of Implementation Plan [completed within the deadline: 15 April 2021]
- Phase 4: Implementation & Dry-runs [all submitted within the deadlines assigned below]
 - 1st Dry-run: simulating data to 31 December 2020 successfully submitted on 30 November 2021
 - 2nd Dry-run: simulating data to 31 December 2021 successfully submitted on 31 May 2022
 - 3rd Dry-run: simulating data to 30 June 2022 successfully submitted on 15 November 2022

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the Company will apply IFRS 9 for the first time on 1 January 2023.

SAMA has also directed all operating Insurance Companies to develop a clear roadmap for implementing the IFRS 9 (Financial Instruments), which that Company has strictly adhered to and delivered on all the submission deadlines and set the internal policies and financial modules for a successful implementation.

Although these standards will bring significant changes to the operational accounting for insurance and reinsurance contracts and financial instruments and presentation of financial statements, these are expected to have a minimal impact on the Company's financial statements in the period of initial application.

Strategic Plan (2023-2027)

The Company is exploring an engagement with a large consulting firm to lead the development of the Company's Strategic Plan for the five-year spanning from 2023 to 2027. The Board is undertaking a comprehensive exercise to select and appoint the most suitable advisor to develop and approve this plan in the first half of 2023.

Social Contributions

The total social contributions amounting to 15:

Social Contributions for 2022		
Initiative / Entity	Description	Total
Health Charitable Association (Inaya)	Contribute to reducing Motor insurance rates for the association's members	15
Total		15

Operations and Financial Results

Gross Written Premiums (GWP) in 2022 amounted to 1,106,285 (2021: 558,166) and Gross Earned Premiums (GEP) in 2022 amounted to 1,027,906 (2021: 558,709).

The high growth in the GWP in 2022 by 98% is mainly attributed to the merger with ATC – effective on 12 January 2022 – as well as the careful expansion in the Medical line of business. This resulted in fundamental changes to the Company's portfolio components and concentration of business across various lines of business.

In 2022 medical class represented 42% of GWP and 39% of GEP (2021: 57% and 49%), motor class 12% of GWP and 10% of GEP (2021: 20% and 28%), Protections & Savings 38% of GWP and 41% of GEP (2021: 5% and 4%), with other classes at 9% of GWP and 10% of GEP (2021: 18% and 19%).

The medical portfolio increased significantly in 2022 by more than 45%, in line with the operational plan to redirect more of its resources from the struggling motor business to focus on targeting profitable health insurance business, which the Company can leverage to score slightly better margins from the growing business with medical providers.

Coming from a struggling 2021, motor portfolio increased in 2022 by more than 17% to reflect the Company's direction of adopting a highly selective underwriting approach and targeting only profitable market segments. The General portfolio, which forms 10% has decreased slightly in 2022 while the Protection & Saving portfolio increased significantly to form around 38% of the Company's business post-merger with ATC.

Net Underwriting Result (NUR) amounted to 97,508 being 9% of GEP (2021: 81,989 being 15% of GEP). The decrease in NUR % GEP from 15% to 9% is primarily attributed to the growing pressure on the technical margins across all lines of business caused by increasing claims and non-claims costs.

Control on all payroll costs and operating overheads, including depreciation, was maintained post merging with ATC. While the G&A increased by 44% compared to the doubling YoY portfolio – comparing the G&A for the two pre-merger companies to the actual spending achieved post-merger, the G&A has noticeably reduced by over 11%.

The overall accounts and reinsurers' receivables increased significantly by 23% at the end of 2022 due to the massive expansion in portfolio size and focus on underwriting corporate business with credit terms compared to the slowing down the cash-based retail business. The provision for bad and doubtful debts – calculated by a formula provided by SAMA in the Insurance Implementing Regulations – was decreased by 12% in 2022 to 12,500 (2021: 14,238) to reflect the granted credit terms. Although the provision is required under the Implementing Regulation, most of the provided amounts are not truly needed. The receivable balances will be collected on the due dates as per the credit agreement with each client.

Returns from bank deposits and investments were higher by 15,691 or 63%, mainly due to increased realized gains on some investments and improving interest rates.

The combined ratio (calculated before returns from bank deposits and investments, taxes, and change in receivable' provision) has increased in 2022 to 99% compared to 97% in 2021. This increase in the overall ratio demonstrates the pressure on the Company's technical margin but remain s favourable and complemented by a strong investment income.

Operating Income, including the change on receivables' provision and before the charge for taxes and allocation to policyholders' insurance operations, amounted to 46,551 (2021: 36,607).

Other comprehensive Income of 1,849 in 2022 compared to 656 in the prior year is mainly attributed to improvement in the valuation of one of the investments disrupted by the COVID-19 outbreak – management is closely monitoring the developments and expects an improvement in the upcoming periods. Another factor is the actuarial gain on end-of-service indemnities.

Comprehensive Income after deducting zakat and income tax and allocation to policyholders' insurance operations increased to 29,769 (2021: 26,809).

Based on the revised number of shares, earnings per share decreased from 0.65 in 2021 to 0.44 in 2022.

On 31 December 2022, the Statement of Financial Position reflects Total Equity of 1,112,886 (2021: 488,713).

Strong technical reserves are maintained, ensuring the Company's stability and security for its policyholders.

Summarised Assets, Liabilities and Results for the past five financial years

The table below is based on extracts from the financial statements for the year ended 31 December 2022 and the preceding four years.

	2022	2021	2020	2019	2018
Insurance Operations					
Total assets	1,503,176	610,787	702,466	633,971	721,492
Total liabilities	1,475,700	608,427	697,896	631,274	718,795
Insurance operations' accumulated surplus	28,894	5,120	4,570	2,697	2,697
Gross written premiums	1,106,285	558,166	552,708	543,717	625,101
Net written premiums	757,068	390,810	336,993	357,974	452,566
Gross earned premiums	1,027,906	558,709	529,634	597,380	559,623
Net earned premiums	679,005	361,194	349,011	414,688	379,851
Net underwriting income / (loss)	97,508	81,989	87,592	36,089	89,251
Bank deposit commission	8,805	3,547	3,322	7,039	7,028
Surplus / (deficit) from insurance operations	28,810	28,692	31,385	(1,346)	26,965
Shareholders' appropriation from surplus	(25,929)	(25,823)	(28,247)	1,346	(24,268)
Surplus after shareholders' appropriation	2,881	2,869	3,138	0	2,697
Shareholders' Operations					
Total assets	1,175,459	537,835	506,099	474,662	460,654
Total liabilities	61,155	46,362	44,195	37,003	32,969
Total equity	1,114,304	491,473	461,904	437,659	427,685
Appropriation of insurance operations surplus	25,929	25,823	28,247	(1,346)	24,268
Commission and investment income	31,631	21,198	18,085	20,489	12,202
Operating income / (loss) for the year	46,551	36,607	43,602	16,941	34,292
Zakat charge	(18,492)	(9,713)	(11,321)	(9,513)	(10,960)
Income tax charge	(139)	(741)	(624)	(164)	(789)
Income / (loss) for the year	27,920	26,153	31,657	7,264	22,543
Earnings per share	0.44	0.65	0.79	0.18	0.56
Net Change in unrealised fair value of investments	1,849	656	(7,412)	2,710	355
Comprehensive income / (loss) for the year	29,769	26,809	24,245	9,974	22,898

Summarized Financial Results - Insurance Operations				
For the Year Ended 31 December	2022	2021	Change	% Change
Gross written premiums	1,106,285	558,166	548,119	98.20%
Net written premiums	757,068	390,810	366,258	93.72%
Gross earned premiums	1,027,906	558,709	469,197	83.98%
Net earned premiums	679,005	361,194	317,811	87.99%
Earned commission income	35,070	35,947	(877)	(2.44%)
Net incurred claims	(471,714)	(283,973)	(187,741)	66.11%
Net other underwriting income / (expense)	(144,853)	(31,179)	(113,674)	364.59%
Net underwriting income / (loss)	97,508	81,989	15,519	18.93%
Insurance operations' operating expenses	(80,369)	(50,966)	(29,403)	57.69%
Provision for bad and doubtful debts	2,866	(5,878)	8,744	(148.76%)
Surplus / (deficit) before policyholders bank deposit commission	20,005	25,145	(5,140)	(20.44%)
Bank deposit commission	8,805	3,547	5,258	148.24%
Surplus / (deficit) from Insurance operations	28,810	28,692	118	0.41%
Shareholders' appropriation from surplus	(25,929)	(25,823)	(106)	0.41%
Surplus after shareholders' appropriation	2,881	2,869	12	0.42%

Summarised Financial Results - Shareholders Operations				
For the Year Ended 31 December	2022	2021	Change	% Change
Shareholders' appropriation from surplus	25,929	25,823	106	0.41%
Commission and investment income	31,631	21,198	10,433	49.22%
Total income	57,560	47,021	10,539	22.41%
Shareholders' operations operating expenses	(11,009)	(10,414)	(2,700)	25.93%
Operating income / (loss) for the year	46,551	36,607	7,839	21.41%
Zakat charge	(18,492)	(9,713)	(7,286)	75.01%
Income tax charge	(139)	(741)	426	(57.49%)
Income / (loss) for the year	27,920	26,153	979	3.74%
Net Change in unrealised fair value of investments	1,849	656	1,193	182%
Comprehensive income / (loss) for the year	29,769	26,809	2,172	8.10%

The tables below analyse the operating business by summarised product segment:

FOR THE YEAR ENDED 31 DECEMBER 2022	Motor	Medical	Property & Casualty	Protection & Savings	Total
Gross written premiums	128,571	459,468	96,146	422,100	1,106,285
Net written premiums	76,085	459,468	7,435	214,080	757,068
Gross earned premiums	107,618	398,055	99,598	422,635	1,027,906
Net earned premiums	59,578	398,055	7,090	214,282	679,005
Earned commission income	9,267	0	21,516	4,287	35,070
Net incurred claims	(56,309)	(370,660)	(995)	(43,750)	(471,714)
Net other underwriting income / (expense)	(5,995)	(10,438)	(7,269)	(121,151)	(144,853)
Net underwriting income / (loss)	6,541	16,957	20,342	53,668	97,508
Insurance operations' operating expenses					(80,369)
Provision for bad and doubtful debts					2,866
Surplus / (deficit) before policyholders bank deposit commission					20,005
Bank deposit commission					8,805
Surplus / (deficit) from Insurance Operations					28,810
Shareholders' appropriation from surplus					(25,929)
Surplus after shareholders' appropriation					2,881

FOR THE YEAR ENDED 31 DECEMBER 2021	Motor	Medical	Property & Casualty	Protection & Savings	Total
Gross written premiums	109,893	315,843	107,005	25,425	558,166
Net written premiums	53,992	315,843	15,132	5,843	390,810
Gross earned premiums	154,794	271,943	107,178	24,794	558,709
Net earned premiums	68,685	271,943	15,718	4,848	361,194
Earned commission income	16,534	0	15,127	4,286	35,947
Net incurred claims	(57,761)	(225,149)	(137)	(926)	(283,973)
Net other underwriting income / (expense)	(14,376)	(3,264)	(9,521)	(4,018)	(31,179)
Net underwriting income / (loss)	13,082	43,530	21,187	4,190	81,989
Insurance operations' operating expenses					(50,966)
Provision for bad and doubtful debts					(5,878)
Surplus / (deficit) before policyholders bank deposit commission					25,145
Bank deposit commission					3,547
Surplus / (deficit) from Insurance Operations					28,692
Shareholders' appropriation from surplus					(25,823)
Surplus after shareholders' appropriation					2,869

Geographical Split of Revenues

From incorporation of the Company to date the Company's activities were carried out entirely in the Kingdom of Saudi Arabia.

Gross Written Premiums by Region	2022	2021
Central	583,499	443,292
Eastern	91,769	74,805
Western	419,747	37,499
Southern	1042	700
Northern	10,228	1,870
Total	1,106,285	558,166

Risks faced by the Company

The Company is exposed to normal risks associated with operating an insurance business.

The Company's risk governance is manifested in a set of established policies, procedures and controls. The apex of risk governance is the centralised oversight of the Board of Directors providing direction and necessary approvals.

The Company is continuously reviewing and updating Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS) in managing and controlling risk exposure.

Operational risk is the risk of loss arising from systems failures, control failures, fraud and human errors which can result in financial or reputation loss and legal consequences. Management mitigates operational risk through appropriate controls, segregation of duties and internal checks and balances.

The audit committee supported by the work of the internal auditor and compliance officer continually audit and monitor activities.

The operations of the Company are subject to regulatory requirements in Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimise the risk of default and insolvency and to enable unforeseen liabilities to be met.

The principal risks to which the Company is exposed and mitigating factors are set out below:

Insurance risk

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed the carrying amount of insurance liabilities. Insurance risk is currently influenced by the exceptionally competitive nature of the market and the increase in both frequency and severity of claims particularly motor and medical claims where cost inflation has been very evident.

Careful evaluation of risks through implementation of underwriting strategy and pricing together with the use of reinsurance reduce insurance risk. The diversification and short term nature of contracts written by the Company further mitigates risk.

Reinsurance risk

The Company effects reinsurance with other parties in the normal course of business in order to minimise its financial exposure to potential losses arising from large insurance claims. Although the Company has reinsurance arrangements it is not relieved of its direct obligations to its policyholders in the event that a reinsurer failed to meet its obligations.

Reinsurers are selected using parameters such as minimum acceptable credit rating, reputation and past performance. To minimise its exposure to significant losses the Company regularly evaluates the financial condition of its reinsurers.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party a loss.

The Company seeks to limit credit risk with respect to customers, agents and brokers by constant monitoring of outstanding receivables and setting credit limits. Bank time deposits are placed with reputable banks and generally for periods of not more than three months. Reinsurers are required to have a minimum acceptable security rating level affirming their financial strength.

Currency risk

Currency risk is the risk that values will fluctuate due to changes in exchange rates but the Company believes that there is minimal risk as it primarily transacts in Saudi and balances held in other currencies are of immaterial amounts.

Interest rate and investment risk

Interest rate risk arises from the possibility of changes in interest rates and this risk is minimised as investments normally comprise fixed rate instruments while deposits are generally placed for periods not exceeding three months. Investment risk is mitigated by focusing on relatively low risk investments in a diversified portfolio.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments when they fall due and to mitigate this liquidity requirements are monitored on a monthly basis to ensure sufficient liquid funds are available to meet commitments.

Employees

The Company is exposed to a highly competitive recruitment of the qualified labour with key insurance skills in the market and suffers a high labour turnover.

Dividend distribution policy

The Articles of Association stipulate the basis for distribution of shareholder profits as follows:

1. Deduct required zakat and income tax.
2. Deduct (20%) of the net profit to constitute the statutory reserve. The Ordinary General Assembly may stop this deduction once the reserve reaches an amount equal to total paid up capital.
3. Ordinary General Assembly upon a proposal made by the Board of Directors may deduct a percentage of the net annual profits to constitute an additional reserve to be used for a specified purpose or purposes as decided by the General Assembly.
4. Out of the remaining balance, a first payment equivalent to at least (5%) of the paid up capital is distributed to the shareholders.
5. The balance is distributed to the shareholders as a portion of the profits or transferred to the retained profits account.
6. The Board of Directors may approve a decision to distribute periodical profits to be discounted from the annual profits specified in paragraph No. (4) above according to the regulating rules issued by the competent authorities.

The Board of Directors review dividend distribution policy annually taking into account such factors as profitability, financial status including solvency compliance, growth prospects and resultant capital requirements and shareholder returns.

No dividend was declared or paid in 2021 in respect of the year ended 31 December 2020 and there were no interim dividend distributions during 2021 in respect of the year ended 31 December 2020.

The Board of Directors will refer to the General Assembly to be held in 2023 its recommendation concerning dividend distribution in respect of the year ended 31 December 2022.

Ownership of Shares and Debt Instruments issued by the Company or by any Subsidiary or Associated Company held by Board of Directors Members, Board Secretary, Committees Members, Executive Management and Related Parties showing changes during 2022.

Shares held by Board of Directors Members, Board Secretary, Committee Members, Executive Management and Related Parties during 2022						
Name	Classification	Start of Year		End of Year		Net Change
		Shares	% Ownership	Shares	% Ownership	
Saudi National Bank	Related Party	0	0	7,155,738	11.21%	7,155,738
Bahrain National Holding Co BSC	Related Party	6,000,000	15.00%	6,000,000	9.40%	0
HH Prince Sultan Bin Mohamed Bin Saud Al Kabeer	Related Party	5,700,000	14.25%	5,700,000	8.93%	0
Mr. Nasser Al Mutawa	Related Party	2,850,000	7.13%	2,850,000	4.46%	0
Mr. Christopher Ledwidge	Related Party	800,000	2.00%	800,000	1.25%	0
Mr. Abdallah Al Obeikan	Board & Committee & Related Party	60,000	0.15%	60,000	0.09%	0
Mr. Turki Al Mutawa	Board & Committee & Related Party	2,000	0.01%	2,000	0.00%	0
HH Prince Naif Bin Sultan Bin Saud Al Kabeer	Chairman & Related Party	1,333	0.00%	1,333	0.00%	0
Mr. Raed Al Saif	Board & Committee	133	0.00%	133	0.00%	0
Shares for Saudi National Bank in 2022 representing the Bank's share in the Company after merging with Al Ahli Takaful Company						
Shares represented in front of Mr. Abdullah Al Obeikan name are owned by Al Obeikan Investment Group Co's						
From incorporation of the Company to date the Company has not had any Debt Instruments in issue.						
From incorporation of the Company to date the Company has not had any Subsidiary or Associated Companies.						

The procedures taken by the Board of Directors to inform members of shareholders observations on company's performance

Emphasis on all members of the Board of Directors, especially non-executive members, to attend General Assemblies meetings to engage directly to the comments and suggestions of shareholders and consistently following up on the shareholders proposals and observations. As well as insuring that interactions with shareholders are reported.

Requests by the Company for the Register of Shareholders

Requests by the Company for the Register of Shareholders during 2022	
Date of Request	Reason for Request
23 January	Company Procedure
09 March / 13:11	Other
09 March / 14:03	Other
09 March / 14:04	Other
21 March	Company Procedure
04 August	Company Procedure
06 September	Company Procedure
09 September	AGM
06 October	Company Procedure
21 November	Company Procedure
29 December	AGM

Definitions and explanations

Related parties represent shareholders, both individual and corporate, directors, members of the audit, executive, investment, risk and nomination and remuneration committees, the board secretary, key executives and entities controlled (including jointly controlled) or significantly influenced by such parties. The immediate families of the above are related parties.

The following table identifies the individuals forming the relationship links for corporate related parties.

Shareholders	Relationship link
Arabian Shield - Bahrain	HH Prince Sultan Bin Mohamed Bin Saud Al Kabeer Mr. Nasser Al Mutawa Mr. Christopher Ledwidge Mr. John Davies
Obeikan Investment Group	Mr. Abdallah Al Obeikan

Entities controlled or significantly influenced	Relationship link
Almarai Company	HH Prince Naif Bin Sultan Bin Saud Al Kabeer
Obeikan Investment Group Companies	Mr. Abdallah Al Obeikan
Samama Group Companies	Mr. Turki Al Mutawa
Yamama Saudi Cement Company	HH Prince Naif Bin Sultan Bin Saud Al Kabeer
HH Prince Sultan Bin Mohd Bin Saud Al Kabeer entities	HH Prince Naif Bin Sultan Bin Saud Al Kabeer
Bahrain National Insurance Company	Mr. Sameer Al Wazzan
National Water Company	Mr. Abdallah Al Obeikan
Arabian Shield Cooperative Insurance Company	All

Key Executives, in the context of defining Related Parties, for the year ended 31 December 2022 means the following five people (year ended 31 December 2021: six people) – the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the three other executives (year ended 31 December 2021: four other executives) who earned the highest remuneration.

All transactions with related parties are made on an arm's length basis and no conflicts or potential conflicts of interest were identified during the year ended 31 December 2022 and 2021. Amounts due to related parties do not include amounts provided for outstanding claims under processing or IBNR. Balances due to or from related parties are unsecured, interest free and are settled in cash and no guarantees have been made or received in relation to any related party transaction or balance.

An impairment assessment is undertaken by examining the financial position of and the market in which each related party operates. For the year ended 31 December 2022, the Company has not recorded any impairment of receivables relating to amounts due from related parties (year ended 31 December 2021: Nil).

Transactions with related parties are in respect of purchase of insurance portfolio and related business, investments, remuneration and annual insurance contracts.

Purchase from a Related Party of insurance portfolio and related business

The insurance portfolio and related business of Arabian Shield Insurance Company EC was acquired by the Company effective 1 January 2009 at a purchase consideration approved by SAMA resulting in a Goodwill amount of 49,100,000.

The related assets and liabilities of Arabian Shield Insurance Company EC were also acquired at book value amounting to 20,825,600 as per the audited Financial Statements of Arabian Shield Insurance Company EC at 31 December 2008.

The combined sum due to Arabian Shield Insurance Company EC in consideration for goodwill and net assets acquired amounted to 69,925,600.

Based on criteria related to the Company's earnings up to 31 December 2015 the Goodwill amount was subsequently reduced by 2,306,137 to 46,793,863. This in turn resulted in a reduction in the combined sum due to Arabian Shield Insurance Company EC from 69,925,600 to 67,619,463 which has been fully paid with no further amounts owing.

Business merger with AlAhli Takaful Company merged with Arabian Shield Insurance Company

The purchase consideration was set at 594,404 which consists of the issuance of 23,852,462 new shares to the shareholders of AlAhli Takaful Company.

The fair value of the Company's issued new shares is determined on the basis of the closing market price of the ordinary shares of SAR 24.92 per share in Tadawul on the last trading date prior to the acquisition date on January 12, 2022. The issuance costs directly related to the issuance of shares were not substantial. As a result, there was a capital increase and equity premium of 238,525 and 355,879 repetitively.

Executive management has conducted a thorough assessment of the purchase price allocation where the allocated amounts can be finalized. After applying the purchase price allocation methodology, the previously recognized goodwill of 352,398 was split between intangible assets and goodwill of 34,244 and 318,154. The revisions mentioned are within the above measurement period.

IAS (38) specifies that if an entity can demonstrate its ability to control the economic benefits from non-contractual relationships, such relationships with customers are identified as separable and can be recognized as an intangible asset. Historically, AlAhli Takaful's customer base has contributed to the company's steady revenue stream through various insurance agreements. Hence, the relationship was considered to represent an intangible customer relationship.

Customer relationships reflect the value derived from future premium payments expected from insurance contracts with the existing customer base. Clients have been categorized into collective and individual customers over the lifetime due to differences in attrition rates, gross output, and written premiums per client and portfolio profit margin. Management has used the "multi-period over-earnings method" to evaluate the relationship with the client and is considered useful life:

- Thirteen (13) years of life insurance for groups.
- Twelve (12) years of life insurance for individuals.

Goodwill earned through business consolidation will be reviewed annually and the amount recoverable for the cash generating unit (or group of cash generating units) to which the goodwill relates.

According to IAS 36, impairment occurs when the book value of the cash generating asset or unit exceeds the recoverable amount, which is above its fair value minus selling costs and its value in use.

IAS 36 defines an asset's cash generating unit as the smallest group of assets that generate cash inflows that are largely independent of cash inflows from other assets or asset groups. Each cash-producing unit or group of cash production units to which goodwill is allocated must: (1) represent the lowest level within the entity at which goodwill is monitored for internal management purposes; and (2) on the condition that it shall not be greater than an operational segment (IFRS 8.5).

For the purpose of impairment assessment made, the Company's cash production units are identified as four (4) main operational segments: automotive, medical, property and accident, and protection and savings.

The recoverable amount of cash-generating units was determined on the basis of calculating the value in use, using cash flow projections covering a period of three (3) years by applying a final growth rate thereafter. The calculation of the value in use in cash-generating units is most sensitive to the following assumptions:

- Future cash flows available from operations.
- Weighted average cost of capital of 13.50%.
- Final growth rate of 3%.

Based on the current impairment valuation, goodwill has not decreased as at December 31, 2022.

Annual insurance contracts with Related Parties for 2022 - Transactions and Balances

Insurance Transactions and Balances

Related Party	Relationship to Arabian Shield	Gross Written Premiums	Ceded Written Premiums	Commission Received from	Commission Paid to	Gross Claims Paid	Ceded Claims Paid	Amounts Due From	Amounts Due To
Obeikan Investment Group	Shareholder	5,011				77		1,903	
Saudi National Bank	Shareholder	249,295				104,902		11,024	110
Almarai Company	Entity controlled or significantly influenced	162,082				102,429		5	1,650
Obeikan Investment Group Companies	Entity controlled or significantly influenced	20,940				15,748		2,300	
Samama Group Companies	Entity controlled or significantly influenced	7,090				6,325		2,850	
Yamama Saudi Cement Company	Entity controlled or significantly influenced	14,754				9,200		6,111	
HH Prince Sultan Bin Mohamed Bin Saud Al Kabeer Co.'s	Entity controlled or significantly influenced	3,813				2,214		318	
Tejoury Company Ltd.	Entity controlled or significantly influenced	249				16		186	
Bahrain National Insurance Company	Entity controlled or significantly influenced		128	13			3		227
National Water Company	Entity controlled or significantly influenced								8
Mr. Bassel Abdullah Al Abdulkarim	Key Executive – CEO	9							
Mr. Mohamed Atef Abdullatif	Key Executive – CFO	4							
Mr. Mohammed Shafeeq Ahmed	Key Executive – Technical Manager	2							

Investment & Marketing Transactions and Balances

Related Party	Relationship to Arabian Shield	Unit-Linked Investment	Unit-Linked Fees (Rebate)	Investment Portfolio – Shareholders	Investment Portfolio Income - Shareholders	Marketing Agency Commission		Amounts Due From	Amounts Due To
SNB Capital	Entity controlled or significantly influenced	554,861	4,204	274,434	6,749				
AlAhli Insurance Marketing Services Company Limited	Entity controlled or significantly influenced					110			

Details of Paid, Accrued and Prepaid Taxes Regulatory Fees and all Statutory Fees and Levies

The following payments were made during the year.

Description of Fee or Charge	Reason for Fee or Charge	2022
Withholding Tax	Department of Zakat and Income Tax Regulations	11,265
Zakat	Department of Zakat and Income Tax Regulations	17,741
Income Tax	Department of Zakat and Income Tax Regulations	820
Value Added Tax	Department of Zakat and Income Tax Regulations	72,237
CCHI Levy	Council of Cooperative Health Insurance Regulations	1,004
SAMA Levy	Saudi Central Bank Regulations	650
Chamber of Commerce	Chamber of Commerce Membership and Attestation Fees	11
GOSI	Social Insurance Contributions	4,000
Employees and Dependents' Levies	Labour Levies	495
Visas, Iqamas and Others	Government Services for corporate and employment affairs	173
Withholding Tax	Department of Zakat and Income Tax Regulations	11,265

The following amounts were outstanding due / (prepaid) at the end of the year.

Description of Fee or Charge	Reason for Fee or Charge	2022
Withholding Tax	Department of Zakat and Income Tax Regulations	2,952
Zakat	Department of Zakat and Income Tax Regulations	48,602
Income Tax	Department of Zakat and Income Tax Regulations	795
Value Added Tax	Department of Zakat and Income Tax Regulations	-578
CCHI Levy	Council of Cooperative Health Insurance Regulations	0
SAMA Levy	Saudi Central Bank Regulations	0
Chamber of Commerce	Chamber of Commerce Membership and Attestation Fees	0
GOSI	Social Insurance Contributions	520
Employees and Dependents' Levies	Labour Levies	0
Visas, Iqamas and Others	Government Services for corporate and employment affairs	0
Withholding Tax	Department of Zakat and Income Tax Regulations	2,952

Statements

The Board of Directors state that:

- Proper books of account are maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the ability of the Company to continue as a going concern.
- From incorporation of the Company to date the Company has not had any Subsidiary or Associated Companies.
- No notification has been received from any party (other than Board of Directors Members, Board Secretary, Committee Members, Executive Management and Related Parties) of ownership of or interest in 5% or more of its shares or of increase or decrease in their shareholding by 1% or more of the total share capital.
- There are no agreements under which a member of the company's board of directors or a senior executive of the company waives any salary or compensation.
- There are no agreements or waiver whereby the shareholders waives the any rights to the dividend.
- No reciprocal debt instrument has been issued.
- No outstanding payment obligations and all statutory payments are paid. I.e. Zakat, tax or fees.
- No transfer or subscriptions rights has been issued or granted under convertible debt instruments, contractual securities or instruments carrying conversion or similar rights.
- From incorporation of the Company to date the Company has not had any borrowings.
- No Investment or revenues was created for the benefit of employees.
- No treasury shares transactions has been occurred.
- The internal audit report does not include any reservations on the annual financial statement.
- No penalties, sanctions or controls were imposed by any Regulatory, Supervisory or other Judicial Authority on the Company, Board of Directors, Board of Directors Members, Board Secretary, Committee, Committee Members, Executive Management or any other Related Party regarding any matter related to the Company during 2022.
- There were no transactions conducted between the Company and any Related Party during 2022 other than in the ordinary course of business.
- There was no recommendation by the Board of Directors to change External Auditor before the end of the existing appointment period.
- The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").



Mohammed Bin Ali
Authorized Board Member



Bassel Al Abdulkarim
CEO

RIYADH
31 March 2023