



2022

Annual Report

GULF INSURANCE GROUP “GIG”
FOR THE YEAR ENDED DECEMBER 31, 2022

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REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors (BOD) of Gulf Insurance Group ("GIG" or the "Company") have the pleasure of presenting the 13th Annual Report accompanied by the audited financial statements for the year ended December 31, 2022, and the notes to the financial statements. This report is a presentation of the most significant developments, financial results, operational activities and disclosures based on regulations.

1. PRINCIPAL ACTIVITY

GIG is a public listed Saudi Joint Stock Company registered in Saudi Arabia. The Company was incorporated vide Ministerial Order No Q/192, dated 10 Jumada II 1430H, corresponding to June 3, 2009 (date of incorporation). The Company is registered in Riyadh with the Ministry of Commerce and Industry under commercial registration No. 1010271203 dated 20 Rajab 1430H, corresponding to July 13, 2009. The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia. The principal activity of the Company is insurance and reinsurance (inward) business in the Kingdom of Saudi Arabia according to cooperative insurance principles as provided in Saudi Arabia Cooperative Insurance Laws & Regulations issued by the Saudi Central Bank ("SAMA"). The Company obtained its licence from SAMA to practice general and medical insurance and reinsurance business in the Kingdom of Saudi Arabia vide license No. TMN/25/20101, dated 11 Safar 1431H (corresponding to January 26, 2010).

The Company provides diversified products in various classes including Engineering, Fire and Property, Marine (Cargo), Motor, Health and Group & credit Life insurance. The Company's Head Office is based in Riyadh with three regional branches in Riyadh, Jeddah and Al Khobar and Points of Sale spread across Central, Eastern and Western Province. The Company has no subsidiaries or associates operating inside or out of the Kingdom.

2. SIGNIFICANT DEVELOPMENTS AND FUTURE PROSPECTS

a. Significant developments in the Company in 2022

- The Company Has updated number of articles of its bylaw after completing the required remaining formalities.
- The necessary approvals were obtained to distribute cash dividends in the amount of 50 million riyals to shareholders for the financial period 12-31-2021, at one riyal per share, which represents 10% of the nominal share value.
- The company announced that the necessary legal requirements and procedures have been completed after the acquisition of the company by the Gulf Insurance Group and the receipt of the amended commercial registration under the new name "Gulf Insurance Group".
- In accordance with Cooperative Insurance Law and its Regulations, the Company has distributed SR 10,980 thousand as surplus to policyholders.
- The Company renewed its accreditation from the Council for Health Insurance (CHI) during the year.
- The Company completed the review of its pricing exercise for motor and health insurance in accordance with regulatory requirements.
- Saudisation remained a key focus for the Company. The Company's Saudisation ratio is currently above 78% and GIG is further investing in promoting Saudi nationals in key positions.
- The Company implemented several initiatives scheduled in line with its growth strategy.
- The Company has taken various initiatives to enhance customer journey with focus on customer care.
- Company laid down learning and development program with aim to enhance insurance skills of Saudi Nationals.
- Organizing a number of internal events, including (National Day event, Breast Cancer Awareness event, Founding Day event, Child Day event and the Ksoah (Clothing) Donation).
- Developing a vehicle insurance document management system and individual products to improve the customer's journey and raise the level of services provided.

b. Future prospects, plans and strategy

The Board of Directors have ratified the business strategy of the Company aimed at the enhancement of the Company's competitive capabilities to increase its market share. The Company has prepared its plan to further improve its infrastructure and various other initiatives to support growth and profitability. The Company is well positioned for further growth and investment to provide a superior service to its customers and distributors, in line with its strategy. The company is investing further in the development of its centralised platforms to manage Healthcare and Motor claims including toll free numbers to better serve its clients' needs.

The Company also continued to invest in digital space to provide online services to its customers with ambition to become innovative insurer. The Company will continue to explore into new business segments to increase its market share with focus on sustainable and profitable growth. The Company also launched healthcare application for its customers.

3. COMPANY'S FINANCIAL PERFORMANCE

a. Basis of preparation of the Financial Statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IFRS that are endorsed in the Kingdom of Saudi Arabia").

The basis of preparation of the financial statements and significant accounting policies are explained in further detail in notes to the financial statements.

b. Written Premiums

Motor and Medical are major lines of business which are consistent with the overall insurance market in the Kingdom of Saudi Arabia. The distribution of premiums written during the year ended at December 31, 2022 (in thousand Saudi Riyals) is as follows:

Segment	2022	2021	2020	2019	2018	2017
	SR'000					
Accident and Liability	50,927	33,652	37,748	34,136	24,273	26,693
Motor	799,139	737,604	746,764	803,675	899,230	1,022,646
Property	130,276	122,762	104,054	77,955	62,795	71,314
Marine	64,873	48,707	45,818	45,414	51,164	51,200
Engineering	57,148	60,551	43,289	32,694	27,572	34,713
Other General Insurance	3,008	2,023	1,394	10,787	9,832	5,642
Health	394,546	381,421	392,819	389,529	357,623	265,866
Protection	67,335	67,750	45,940	15,587	13,371	21,403
Total	1,567,251	1,454,470	1,417,826	1,409,777	1,445,860	1,499,477

The Company's business is conducted in the Kingdom of Saudi Arabia. The regional premium breakdown is provided below.

c. Geographical Analysis

The Company Head Office is in Riyadh with three regional offices in Riyadh, Jeddah and Al Khobar and Points of Sale spread across Central, Eastern and Western Province.

The geographical mix of the Company's business is as follows:

Region	2022	2021	2020	2019	2018	2017
	SR'000					
Central Region	994,926	810,873	625,559	540,324	482,281	484,573
Western Region	282,665	374,324	506,813	602,454	689,238	792,951
Eastern Region	289,660	269,273	285,454	266,998	274,341	221,953
Total	1,567,251	1,454,470	1,417,826	1,409,777	1,445,860	1,499,477

d. **Total Revenue**

Consistent with GWP, motor and medical insurance remained the largest contributor in the revenue. The segmental analysis of the total revenues for the year is as follows:

Operating segment	2022	2021	2020	2019	2018	2017
	SR'000					
Accident and Liability	31,270	28,229	32,043	25,214	22,108	22,325
Motor	720,172	703,789	724,200	771,108	826,833	846,110
Property	75,320	67,727	53,276	37,363	31,096	28,323
Marine	52,569	40,808	38,212	34,721	33,888	30,417
Engineering	36,332	36,122	20,599	17,728	18,548	23,286
Other General Insurance	2,758	1,772	1,738	10,097	10,541	5,452
Health	388,475	383,800	383,566	355,927	318,811	291,253
Protection	57,891	35,904	24,026	1,697	12,211	17,018
Total	1,364,787	1,298,151	1,227,660	1,263,854	1,274,036	1,264,184

e. **Claims cost**

The movement in net claims incurred is a result of changes in insurance portfolio of the Company. The analysis of claims cost is as follows:

Description	2022	2021	2020	2019	2018	2017
	SR'000					
Gross Claims Paid	1,127,217	994,592	824,945	887,351	912,574	911,992
Net Claims Paid	1,056,660	946,387	798,457	863,840	825,739	839,534
Net Claims Incurred	1,021,118	885,419	879,321	940,915	968,355	993,946

f. **Other costs and Expenses**

The movement in Policy acquisition cost and other general expenses for insurance operations is consistent with overall premiums and operations of the Company. Comparative information is as follows:

Description	2022	2021	2020	2019	2018	2017
	SR'000					
Policy Acquisition Costs	150,253	129,191	107,691	92,166	102,504	104,239
General and Administrative Expenses	175,800	167,299	165,884	165,278	163,534	133,713

g. **Surplus from insurance operations**

The surplus in insurance operations decreased compared to previous year deteriorated mainly due to healthcare results. Comparative information is presented below:

Description	2022	2021	2020	2019	2018	2017
	SR'000					
Surplus / (Deficit) from Insurance Operations	62,229	160,299	165,613	97,158	74,322	55,304

As per Implementing Regulations, the Company has allocated 10% the surplus from insurance operations to the policyholders' surplus funds. Distribution of the surplus for 2021 will be made in accordance with the SAMA rules on Policyholders Surplus Distribution. Customers have been notified through website of the Company and email.

h. Insurance operations Investment income

Comparative information on investment income of policyholders is as follows:

Description	2022	2021	2020	2019	2018	2017
				SR'000		
Insurance Operations Investment Income	45,330	44,865	41,549	32,025	34,682	23,018

i. Shareholders' Operations Investment Income

Comparative information on investment income of shareholders is as follows:

Description	2022	2021	2020	2019	2018	2017
				SR'000		
Shareholders' Operations Investment Income	39,335	24,071	19,514	22,706	11,447	12,165

j. Net Income

Profit before zakat and tax is SR 93.31 million compared to SR 166.73 million. Zakat and tax is computed in accordance with rules laid down by the Zakat, Tax and Customer Authority. Unrealized gain (loss) represent the gain / (loss) on investments held by the company. Performance share re-measurement reserves are recorded for Performance Shares Incentive Scheme in accordance with IFRS 2. Comparison of the net and comprehensive income is as follows:

Description	2022	2021	2020	2019	2018	2017
				SR'000		
Shareholders' Net Income for the Year	93,311	166,729	166,836	108,474	76,426	60,187
Zakat and Taxes	(17,509)	(28,206)	(28,335)	(21,787)	(17,433)	(15,125)
Net income after zakat & tax	75,802	138,523	138,501	86,687	58,993	45,062
Unrealized gain (loss) on Available-For-Sale Investments	(40,295)	1,448	8,998	13,184	(6,538)	(1,094)
Total Comprehensive Income for the Year	35,507	139,645	147,333	99,723	52,633	43,854

k. Financial Highlights

Summarized financial position is as follows:

Description	2022	2021	2020	2019	2018	2017
				SR'000		
Gross Written Premium	1,567,251	1,454,470	1,417,826	1,409,777	1,445,860	1,499,477
Net Premium Written	1,425,701	1,309,941	1,288,241	1,321,723	1,295,375	1,299,874
Net Earned Premium	1,348,466	1,281,699	1,264,916	1,251,712	1,248,428	1,238,120
Total Revenues	1,364,787	1,298,151	1,277,660	1,263,854	1,274,034	1,264,184
Gross Claims Paid	1,127,217	994,592	824,945	887,351	912,574	911,992
Net Claims Incurred	1,021,118	885,419	879,321	940,915	968,355	993,946
Total Cost and Expenses	1,171,371	1,014,610	987,012	1,033,081	1,070,860	1,231,898
(Deficit) Surplus from Insurance Operations	62,229	160,299	165,613	97,158	74,323	55,304
Net Shareholder's Income (before Zakat and Income Tax)	93,311	166,729	166,836	108,474	76,426	60,187
Earnings per share	1.52	2.77	2.77	1.73	1.18	1.34

Summary of Assets and Liabilities

Description	2022	2021	2020	2019	2018	2017
Insurance operations' assets						
Cash and Cash Equivalents	334,592	89,521	278,949	209,030	46,064	117,776
Insurance Operation Investments	930,711	1,322,367	1,214,051	1,121,392	1,100,418	923,005
Receivables-net	296,321	299,811	214,308	190,435	196,334	153,398
Other Insurance Operations' Assets	307,345	228,126	281,253	250,276	226,404	238,083
Total Insurance Operations' Assets	1,868,969	1,939,825	1,988,561	1,771,133	1,569,220	1,432,262
Shareholders' Operations Assets						
Cash and Cash Equivalents	-	-	52,087	25,810	-	-
Shareholders' Operation Investments	903,278	840,330	619,668	533,931	485,625	396,973
Statutory Deposit	50,000	50,000	50,000	45,000	45,000	45,000
Other Shareholders; Operations Assets	88,803	160,914	181,941	141,265	107,946	132,561
Total Shareholders' Operations' Assets	1,042,081	1,051,244	903,696	746,006	638,571	574,534
Total Assets	2,911,050	2,991,069	2,892,257	2,517,139	2,207,791	2,006,796
Insurance operations liabilities						
Reinsurers' balance payable	74,689	68,929	41,066	27,294	51,134	59,093
Technical Reserves	1,558,287	1,542,143	1,544,945	1,423,668	1,286,204	1,110,316
Other Insurance Operation's Liabilities	275,131	317,642	376,011	306,611	238,363	255,919
Total Insurance operation liabilities	1,908,107	1,928,714	1,962,022	1,757,573	1,575,701	1,432,262
Shareholders' Operations Liabilities	71,666	66,336	59,333	49,754	42,208	30,789
Shareholders' Equity & statutory deposit	970,415	984,908	844,363	696,252	596,363	543,745
Insurance operations' equity	(39,138)	11,111	26,539	13,560	(6,481)	-
Total Insurance operations and Shareholders' Equity and Liabilities	2,911,050	2,991,069	2,892,257	2,517,139	2,207,791	2,006,796

The technical reserves are validated by the Company's appointed external actuary and reflect the developments in the insurance portfolio. The Company has major investments in various deposit schemes offered by Saudi Arabian banks, Sukuk and bonds offered by various corporates, governments and shares listed on the Saudi Stock Exchange. Shareholder's equity has increased due to profits during the year.

I. Difference between Operating Results compared to last year

The decrease in net income before Zakat by SR (73) million (44)% is attributed to deterioration in net loss ratio mainly in motor line of business.

Description	2022	2021	Variation	Variation %
SR'000				
Net UW Surplus (net of income from policy holders' fund)	193,416	283,541	(90,125)	-32%
Net income before zakat & surplus	99,534	182,759	(83,225)	-46%
Surplus attributed to insurance operations	(6,223)	(16,030)	(9,807)	61%
Net income before zakat	93,311	166,729	(73,418)	-44%
Zakat & income tax	(17,509)	(28,206)	(10,697)	38%
Net income	75,802	138,523	(62,721)	-45%
Re-measurement gain on employee benefit obligations	4,470	0	NA	NA
Net change in fair value of investments	(95,014)	(13,980)	NA	NA
Total comprehensive income	(14,742)	124,543	(139,285)	-112%

4. DIVIDEND POLICY

The dividend policy of the Company is set out in Articles of Association. The Company is required to notify the Capital Markets Authority ("CMA") of: (i) any resolutions as to the distribution of dividends; and (ii) any recommendation to distribute dividends. Dividends shall be paid to the Shareholders at such a place and at such times as specified by the Board in accordance with the directives issued by the Ministry of Commerce and Industry and subject to the prior written approval of SAMA.

The Dividend shall be distributed as follows:

1. The Zakat and Income Tax for the year shall be deducted from the shareholders' profit.
2. 20% of the net profits shall be transferred to legal reserve. The Ordinary General Meeting may discontinue such transfers when the said reserve equals the total paid up capital.
3. The Ordinary General Meeting shall upon a proposal of the Board of Directors, set aside an annual percentage of the net profits to form an additional reserve to be allocated for a certain purpose or purposes as decided by the General Meeting. An interim payment, being not less than 5% of the paid up capital, shall be distributed to the shareholders from the remaining balance.
4. There shall be distributed from the balance remaining an interim payment to the shareholders being no less than 5% of the paid up capital.
5. The balance amount shall be used for distribution to the Shareholders a share of the profits or otherwise shall be transferred to the retained earnings account.
6. Subject to a resolution of the Board of Directors, the Company may distribute regular profits after deducting from the annual profits as indicated in the aforesaid Paragraph (iv) according to the applicable rules issued by the concerned authorities.

The dividend decision will be based on the level of capital required by the Company to support the Company's operations, the Company's financial position, market conditions, business prospects as well as any legal and regulatory conditions. The Company has not recommended dividends during the year. Further the Company makes no assurance that any dividend will actually be paid thereafter, nor does it make any assurance as to the amounts which will be paid in any given year.

There has been no arrangement under which any shareholder has waived any rights to dividend.

5. SURPLUS DISTRIBUTION TO POLICYHOLDERS

The Company has adopted the policy issued by Saudi Central Bank for policyholder's surplus distribution. During the year, the Company has distributed a surplus of SR 10,980 thousand.

The company has communicated to its policyholders regarding the distribution of 2021 surplus to its customer using electronic means.

The distribution of the surplus depends on a number of factors including profits of the company, its financial position and regulatory considerations. There is no guarantee for the regular distribution of profits and there is no guarantee for the annual distribution of profits to policyholders. The distribution of the surplus to policyholders is subject to regulatory approval.

GIG operates in accordance with principles of Cooperative Insurance rules and has obtained Shariya Compliance Certificate for some of its products. The Company invests proceeds from insurance operations with various corporates and governments and not all financial instruments comply with provision of Shariya rules.

6. SHARES, OPTIONS, SUBSCRIPTION RIGHTS, DEBT INSTRUMENTS

a. Interest in class of voting shares held by person (other than issuer's Directors, Senior Executives and their spouses and minor children)

There is no individual person or company, other than Gulf Insurance Group (Gulf) B.S.C.(c) ("GIG Gulf"), who has more than 5% interest in a class of voting shares of the Company. Further, the Company has not received any notification in pursuant of Article 30 of the Listing Regulation.

b. Interest in class of voting shares held by issuer's Directors and their spouses and minor children

Details of the shares holding of Directors (in GIG) is given below:

Name of beneficiary	Shares at the beginning of the year	Shares at the end of the year	Net change
Yousef Abalkhail	1,111	74,000	66.6%
Bijan Khosrowshahi	0	0	0
Jean Cloutier	0	0	0
Paul Adamson	0	0	0
Farid Saber	0	0	0
Osama Kishk	0	0	0
Hani Al Obaid	0	0	0
Omar Al Jeraisy	1,111	1,111	0

c. **Interest in class of voting shares held by issuer's Senior Executives and their families**

The table below shows the ownership percentage of the top executives or their family members in the Company's shares:

Name	Title	Number of shares owned in GIG	Number of shares owned by their spouse and minor children
Khalid Al Shuwaier	Chief Executive Officer	Nil	Nil
Babar A. Khan	Chief Financial Officer	Nil	Nil

None of the Senior Executives, their spouses and children have any interest in the shares of the Company, except as disclosed in this report

d. **Borrowings, Debts, options, subscription rights, Redemption of Securities, convertible debt instrument**

The Company confirms that it has neither borrowed any funds nor has issued any convertible or redeemable debt instruments, options, subscription rights, warrants or any other rights of a similar nature. The Company has no outstanding loan or redeemable or convertible debt instrument as at the end of period, nor has made any repayments of any loan or converted any redeemable or convertible debt instruments during the year. Further, no directors, executives and their spouses or minor children have any convertible or redeemable debt instruments, options, subscription rights, loan, warrants or any other rights of a similar nature issued by the company.

e. **Employee Share Plan Scheme**

The Company has offered its employees a voluntary share plan scheme to subscribe to AXA Group Shares at a discount offered by AXA Group. Subscriptions are deducted from monthly salaries. AXA Cooperative made no contribution on behalf of employees and this plan has no financial impact on the financial position of the Company. As explained above, AXA group has sold its interest in the Gulf region on 6 September 2021. However, the schema in which employee entered into before 6 September 2021 will not be discontinued. Instead, future participation in the schema is no longer an option.

7. RELATED PARTY DISCLOSURE

The Board of Directors or their affiliates or spouses or minor children have no direct or indirect interest in any of the transactions / contracts of the Company except for:

Transactions with Board members

Nature	Amount (SR'000)	Description	Renewal , other details
Board Sitting fee	93	The sitting fee to the Board of Directors	The sitting fee to the Board of Directors is provided in accordance with the Articles of Association of the Company for which ratification will be sought from shareholders at the upcoming General Assembly.
Board Annual Remuneration	1,400	The remuneration of the Members of the Board of Directors	The remuneration of the Members of the Board of Directors has been accrued in accordance with Articles of Association of the Company for which ratification will be sought from shareholders at the upcoming General Assembly.

Transactions with related parties of board members or related parties of significant shareholders

There are certain transactions entered into with entities relating to shareholders and Member of Board of Directors. These transactions have been made in normal course of business and were considered by the Board to be at arm's length basis and in the best interest of the Company. The Board of directors have not identified any conflict of interest other than related party transactions (on arm's length basis) for which ratification will be sought from General Assembly Meeting. Details of these transactions are as follows:

Nature	Amount (SR'000)	Description	Member	Renewal , other details
Gross Written Premium	24,210	Insurance contracts issued to Jeraisy Group (SR 24,210) These contracts have been made in the normal course of business and on arm's length basis and some of Company's directors have interest in the entities.	Omar Aljeraisy	These insurance contracts are issued on annual basis and are renewable.
Expenses charged by related parties	3,781	These include expenses paid to GIG Gulf (SR:3,582) and GIG Kuwait (SR:199) affiliated entity. These transactions have been made during the normal course of business and on arm's length basis; however, no conflict of interest has been identified.	Farid Saber, Paul Adamson, Osama Kishk, Bijan Khosrowshah, Jean Cloutier	
Reinsurance Ceded	3,084	Reinsurances are placed with GIG Group entities during the normal course of business and are on an arm's length basis. GIG Group is one of strategic shareholders of the Company. No conflict of interest has been identified in this regard.	Farid Saber, Paul Adamson, Osama Kishk, Bijan Khosrowshah, Jean Cloutier	These reinsurance contracts are renewable annually.
Reinsurance Commission	61	As a result of cession with GIG Group entities, the Company has recorded reinsurers commission on reinsurance policies. GIG Group is one of strategic shareholder of the Company. No conflict of interest has been identified in this regard.	Farid Saber, Paul Adamson, Osama Kishk, Bijan Khosrowshah, Jean Cloutier	These reinsurance contracts are renewable annually.

Transactions with executives

Nature	Amount (SR'000)	Description	Renewal , other details
Salaries and benefits	12,299	Salaries of executives including Chief Executive Officer and Chief Financial Officer	Salaries and remuneration are paid in accordance with the employment agreement.

In addition, the employee benefits insurance provided as part of the employment contract to executive directors and other insurance contracts are issued in the normal course of business on an arm's length basis.

Besides these, the Company confirms that, there were no contracts / transactions to which the Company was a party and in which a member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or any associate, spouse or minor children had a material interest.

8. OUTSTANDING STATUTORY DUES

The company has no outstanding statutory dues as of the end of the year except for the following:

Authority	Amount (SR '000)	Reason
Department of Zakat and Income Tax	63,133	Provision for Zakat, tax and withholding tax, due upon filing of return by April 30 and prior years under review with ZTCA
Saudi Central Bank (SAMA)	1,599	Supervision fee for the fourth quarter ended December 31, 2022. Settled on quarterly basis.
Council for Health Insurance (CHI)	485	Accrual of CCHI fee, Settled on quarterly basis.

9. EMPLOYEE BENEFITS

The Company has not set up any investment fund or any reserves for the benefits of employees other than those required under the applicable laws and regulations in the Kingdom of Saudi Arabia, namely General Organization for Social Insurance (GOSI) contributions and voluntary savings scheme with AXA Winterthur. During the year the Company has paid SR 1.30 million. The employees have an option to subscribe to AXA Group Shares under the scheme of AXA Group. In addition, Performance Shares are awarded to certain employees of the Company offered by AXA Group. As explained above, AXA group has sold its interest in the Gulf region on 6 September 2021. However, the schema in which employee entered into before 6 September 2021 will not be discontinued. Instead, future participation in the schema is no longer an option.

Long-Term Incentive Policy:

The objective of this incentive is to align employee interests with those of shareholders, to motivate beneficiaries to focus on sustainable performance and value creation over multiple years and to retain key talent and expertise who play a critical role in the future success of the Gulf Insurance Group, as recognition and remuneration for employees who consistently perform at high levels.

- The remuneration shall be granted after a predetermined period of time by a letter signed by the authorized persons in the company.
- This incentive shall be granted to employees based on the performance of the company and the performance of the employee.
- The employees who deserve this incentive are of grades 4 and above, with the exception of some rare jobs of grades (2 and 3), provided that the employee has spent at least one year in the company.
- In the event that the company or the employee requests the termination of the Employment Relationship, the date of the notice submitted by one of the parties shall be taken into account. Accordingly, the employee shall not be entitled to payment if the notice is submitted before the incentive payment due date.

10. BOOKS OF ACCOUNTS

The Company has maintained proper books of accounts as per applicable laws and regulations in the Kingdom of Saudi Arabia.

11. CORPORATE GOVERNANCE

Implementing sound corporate governance principles has been a priority at GIG. GIG's system of corporate governance is built on the central role of the Board of Directors:

- to provide strategic guidance;
- to ensure that there is transparency of operational decisions, both internal and in relation to the market;
- to have an efficient and effective internal control system;
- to regulate potential conflicts of interest; and
- to make rules for transactions with related parties.

The Company ensures that there is a continuous review of practices adopted to ensure that they meet the standards set by GIG and other international standards and best practices. The Company also ensured compliance with all local laws and regulatory requirements applicable in the Kingdom of Saudi Arabia.

The Company has implemented all the provisions of the Corporate Governance Regulations issued by Saudi Central Bank and Capital Market Authority with the exception of the following:

Article/ Paragraph No	Article/Paragraph Text	Reason for Non-Implementation	Notes
93 (4/B)	Five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them.	The company committed to disclose total remuneration of the senior executive Management in accordance with the requirements the Corporate Governance Rules. In order to protect the interests of the Company, but the company considered that it is in the public interest 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 and that is based on paragraph (B) Article (60) of Rules on The offer of Securities and Continuing Obligations.	-

12. BOARD OF DIRECTORS

The Company is controlled through the Board of Directors which comprises of eight non-executive directors (including three independent directors). The responsibilities of the Board have been defined in the Articles of Association of the Company.

a. Composition of the Board of Directors

The Board of Directors shall be managed by eight (8) members appointed by General Assembly for a period not exceeding three years.

The composition of the Board is as follows:

Name Director	of	Position	Classification	Representation	Qualification & experience
Yousef Abalkhail		Chairman	Independent Director	--	Mr. Yousef Abalkhail brings over more than 30 years of experience in Entrepreneurship and Leadership with various entities in Saudi Arabia. Mr. Abalkhail holds an M Sc. in Systems Management from University of South California, USA in 1987 and B.Sc. in Computer

					Systems from Point Lama University, USA in 1985.
Bijan Khosrowshahi	Vice Chairman	Non executive Director	–	GIG	Mr. Khosrowshahi is currently the President and CEO of Fairfax International, Board member representative for Fairfax Financial Holdings for gig and many of its subsidiaries. Also, he has over 35 years of experience in the insurance industry. He joined Fairfax in 2009 and prior to that spent 18 years with AIG and 5 year with Fuji Fire and Marine Insurance. He holds an MBA and B.Sc in Mechanical Engineering from Drexel University, USA
Jean Cloutier	Director	Non executive Director	–	GIG	Mr. Cloutier is the Chairman of Fairfax International since 2013. He joined Fairfax in 1999 as Vice President and Chief Actuary and later became Vice President-International Operations. Prior to joining Fairfax, he worked with Lombard Canada Limited, Halifax Insurance and Dominion of Canada Insurance Company. He received his bachelor's degree in actuarial sciences from Laval University. He is a fellow of the Casualty Actuarial Society and a member of the Canadian Institute of Actuaries.
Paul Adamson	Director	Non executive Director	–	GIG	Mr. Adamson is Chief Executive Officer of GIG Gulf with over 25 years' experience in the financial industry. He joined AXA (and erstwhile Norwich Union) in 2000 and has held various senior positions. Paul is an Associate Member of the Chartered Insurance Institute.

Farid Saber	Director	Non executive Director	–	GIG	Mr. Saber is the Assistant Group Chief Executive Officer (Operations) of Gulf Insurance Group since November 2016. He is an experienced Executive Officer with a demonstrated history of working in the insurance industry in MENA region. He is also a Member of the Board of Directors at GIG Algeria, L'Algerienne vie (AGLIC), Gulf Sigorta, GIG Kuwait Takaful, and GIG Gulf, all subsidiaries of GIG. He has a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII).
Osama Kishk	Director	Non executive Director	–	GIG	Mr. Kishk is the Group CFO of gig and joined the Group in June 2017. He has over 26 years of experience in the Finance, Accounting, Treasury, Investment and Auditing related fields. Prior to joining gig, he has worked with MetLife, Rasameel Group, Bayt AIMal Investments, Ernst & Young and Coopers & Lybrand. He holds an MBA from Maastricht School of Management (MSM) in addition to several professional qualification from USA such as Certified Public Accountant (CPA), Certified Risk Professional (CRP), Certified Internal Auditor (CIA), and Certified Associate Business Manager (CABM).
Hani Al Obaid	Director	Independent Director	--		Mr. Hani Obaid has experience in financial services and wealth management and Board member for various entities. He is currently a Partner in Investcorp since April 2012. Mr. Hani is a graduate in Management of Technology.
Omar Al Jeraisy	Director	Independent Director	--		Mr. Omar is currently the Deputy General Manager and also a member of the Board of Directors of the Jeraisy Group. He has been overseeing Jeraisy Group's investment in real-estate and capital markets for the past 10 years. Mr. Omar graduated in 2012 in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School.

The term of the current Board is expiring on July 31, 2024

b. Names of Company(ies) in which Members of the Board of Directors act as a Member of Board of Directors (other than AXA Cooperative)

Name of Director	Name of the Companies and Positions
Mr. Yousef Abalkhail	<ul style="list-style-type: none"> • Chairman of the board of directors of Arabian Pipes Company (listed joint stock company) • Chairman of the board of directors of Saudi Ceramics Company (listed joint stock company) • Member of the board of directors of Arabian Cement Company (listed joint stock company)
Mr. Bijan Khosrowshahi	<ul style="list-style-type: none"> • Member of the board of directors of Gulf Insurance Group • Member of the board of directors of Gulf Insurance & Reinsurance Company • Member of the board of directors of Bahrain Kuwait Insurance Company • Member of the board of directors of Arab Misr Insurance Group • Member of the board of directors of Arab Orient Insurance Company • Non-Executive Chairman of the board of directors of Gulf Sigorta AS • Member of the board of directors of Alliance Insurance Company PSC • Member of the board of directors of Jordan Kuwait Bank • Member of the board of directors of Colonnade Insurance SA • Member of the board of directors of Southbridge Compania de Seguros Generales S.A. • Member of the board of directors of La Meridional Compania Argentina de Seguros SA • Member of the board of directors of SBS Seguros Colombia SA
Mr. Jean Cloutier	<ul style="list-style-type: none"> • Member of the board of directors of COLONNADE FINANCE S.A.R.L • Member of the board of directors of Fairfax Middle East Holdings Inc. • Member of the board of directors of CRC Reinsurance Company Ltd. • Member of the board of directors of Fairfax (Barbados) International Corp. • Member of the board of directors of Wentworth Insurance • Member of the board of directors of Farifax Brazil Participacoes Ltda. • Member of the board of directors of Polskie Towarzystwo Reasekuracji Spolka Akcyjna • Member of the board of directors of Gulf Insurance Limited • Member of the board of directors of Africa Re • Member of the board of directors of Connemara Reinsurance Company Ltd. • Member of the board of directors of L'Agerienne Des Assurances • Member of the board of directors of Algerian Gulf Life Insurance Company • Member of the board of directors of Gulf Insurance Group (Gulf) BSC(c) • Member of the board of directors of Private Joint Stock Company Insurance Company Colonnade Ukraine • Member of the board of directors of Allied World Assurance Company Holdings, Ltd. • Member of the board of directors of ARX Life Insurance Company Additional Company, ARX LIFE IC ALCN • Member of the board of directors of Mohawk River Insurance SCC • Member of the board of directors of Fairfax Asia Limited • Member of the board of directors of ffh Management Services Limited • Member of the board of directors of ARX Insurance Company Private Joint Stock Company, ARX IC JSC • Member of the board of directors of Private Joint-Stock Company "Insurance Company "Universalna

	<ul style="list-style-type: none"> • Member of the board of directors of Limited Liability Company "FFH Ukraine Holdings" • Member of the board of directors of Blend Insurance Solutions Pty Limited • Member of the board of directors of Branksome Hall
Mr. Paul Adamson	<ul style="list-style-type: none"> • Member of Board of Directors of GIG Gulf
Mr. Farid Saber	<ul style="list-style-type: none"> • Member of the board of directors of gig Turkey • Member of the board of directors of AGLIC SPA - L'Algérienne Vie • Member of the board of directors of Gulf Insurance Group - Algeria • Member of the board of directors of YallaCompare Company • Member of the board of directors of Gulf Insurance Group (Gulf) BSC(c) – Bahrain • Member of the board of directors of Gulf Insurance Group Takaful - Kuwait
Mr. Osama Kishk	<ul style="list-style-type: none"> • Member of the board of directors of Egyptian Takaful Insurance • Member of the board of directors of Takaful International Co. – Bahrain • Member of the board of directors of Gulf Insurance Group (Gulf) BSC(c) – Bahrain • Member of the board of directors of HSBC Money Market Fund - Egypt
Mr. Hani Al Obaid	<ul style="list-style-type: none"> • Member of the board of directors of Taleem REIT Fund
Mr. Omar Al Jeraisy	<ul style="list-style-type: none"> • Member of the board of directors of Jeraisy Group Company - a closed joint stock company • Chairman of the Board of directors of Tam Development Company - Closed Joint Stock Company • Member of the board of directors of Saudi Azim Company - Public Shareholding • Member of the board of directors of Thmanyah Publishing and Distribution Company • Member of the board of directors of Rehab Najd Real Estate Company • Member of the board of directors of Harakat Production • Member of the board of directors of Myrkott animation Studio • Chairman of the Board of directors of Jeraisy Computer Paper Product • Chairman of the Board of Directors of the Ajlan Rivera Growth Fund

None of the member of Board of Directors acts as a member in more than five Listed Joint Stock Companies in Saudi Arabia.

c. Role of the Board

The role of the Board is to determine the Company's strategy and provide vision and entrepreneurial leadership. The Board has a formal schedule of matters reserved to it and meets a minimum of four times a year. It has the specific responsibility to approve the main objectives and the strategic plans of the company and supervising its implementation. Their responsibilities include:

- Ensuring that appropriate systems and processes are in place so that the business of the Company is properly managed in an honest, ethical, responsible and safe manner;
- Ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
- Approving and reviewing at least annually systems and controls framework;
- Approving and reviewing at least annually the overall business performance and strategy;
- Reviewing regularly the implementation of the strategy and operational performance;
- Analysing and reviewing material acquisitions, divestments and capital expenditure;
- Reviewing and approving the corporate plan, financial and dividend policies and the operating budget and monitor financial performance and integrity of reporting;
- Appointing, removing the Managing Director & Chief Executive Officer and oversee succession plans for the senior executive team;
- Monitoring management performance;

- Carrying out periodic evaluation of Directors;
- Acting in such a way that Board meetings and discussions promote focused debate within a supportive team atmosphere;
- Setting out clearly, and reviewing on a regular basis, who has authority to enter the Company into contractual obligations;
- Ensuring that the financial statements are prepared and which accurately disclose the financial position;
- Convening shareholder meetings;
- Monitoring conflicts of interest and prevent abusive related party transactions;
- Safeguarding and enhancing the image and reputation of the Company;
- Delegating the authorities as appropriate to Board committees or sub-committees;
- Conducting evaluation of the performance of the Board and Committees;
- Approving remuneration structure of the Company; and
- Such other responsibilities as may be delegated by the shareholders of the company or as required for the effective operation of the company.

d. Role of Chairman and Executive Management

The roles of the Chairman, Managing Director and Chief Executive Officer are clearly defined. The Chairman has no involvement in the day to day management of the Company which is irrevocably delegated to the Managing Director and Chief Executive Officer. The Managing Director and Chief Executive Officer have been empowered with all of the requisite rights and powers necessary to undertake the daily operational management of the Company.

e. The Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is also responsible for ensuring smooth information flow within the Board, its Committees and senior management.

f. Meetings of the Board of Directors

During the period, the Board of Directors met four times. Board meetings were well attended and those attending are set out below:

Name of Director	08/03/2022	31/05/2022	05/10/2022	07/12/2022
Yousef Abalkhail	Present	Present	Present	Present
Paul Adamson	Present	Present	Present	Present
Hani Obaid	Present	Present	Present	Present
Omar Al Jeriasy	Present	N/A	Present	Present
Bijan Khosrowshahi	Present	Present	Present	Present
Jean Cloutier	Present	Present	Present	Present
Faird Saber	Present	Present	Present	Present
Osama Kishk	Present	Present	Present	Present

g. Compensation of the Board of Directors

The remuneration payable to the Chairman and the Directors of the Company, including the fee for attendance at Board and Committee meetings is defined in the By-Laws of the Company.

Sitting fee

A sitting fee is paid to every Director (including Chairman) for attendance of Board Meeting (SR 3,000 per meeting) and Committee meeting (SR 1,500 per committee meeting). Details of the sitting fee paid to Directors and Chairman is as follows:

Name of Director	Board meeting sitting fee	Board Committees sitting fee	Total
Yousef Abalkhail	12,000	0	12,000
Paul Adamson	12,000	0	12,000
Hani Al Obaid	12,000	61,500	19,500
Omar Al Jeriasy	9,000	0	70,500
Bijan Khosroshahi	12,000	6,000	12,000
Jean Cloutier	12,000	4,500	18,000
Faird Saber	12,000	6,000	16,500
Osama Kishk	12,000	61,500	18,000

The fee will be ratified by the shareholders in the upcoming general assembly meeting. In addition to above, the Company has incurred/reimbursed other expenses incurred by directors on travelling and lodging and reimbursed by the Company. The Board has approved a specific remuneration for the members of the Audit Committee and the risk management Committee of the Company.

Annual Remuneration for the Members of the Board of Directors (including Chairman)

The Company has accrued SR 150,000 for Non – executive Director, SR 200,000 for Independent Director and SR 250,000 for the Chairman for the year ended December 31, 2022.

Details of the remuneration for current year is as follows:

Name of Director	2022	2021
Yousef Abalkhail	250,000	250,000
Paul Adamson	150,000	150,000
Hani Obaid	200,000	200,000
Omar Al Jeriasy	200,000	200,000
Bijan Khosroshahi	150,000	75,000
Jean Cloutier	150,000	75,000
Faird Saber	150,000	75,000
Osama Kishk	150,000	75,000

The remuneration will be ratified by the shareholders in the upcoming general assembly meeting.

There were no arrangements or agreements under which a Board Member or any of Company's Senior Executives had waived any salary, remunerations or emoluments.

Remuneration policy and method adopted to determine the remuneration of Board Members

The Board of Directors proposes remuneration of the board members based on recommendation of the Nomination and Remuneration Committee and in accordance with the relevant laws, regulations and instructions and with any conditions approved by the General Assembly, and none of the proposed remuneration and compensation for Chairman and members of the Board may be approved without approval thereof by the General Assembly. The company makes sure that all details of the proposed remuneration and compensations are published in writing, so that they are available to all shareholders prior to holding the general assembly in which the remuneration and compensation will be put to vote. The remuneration of the board members shall be a certain amount, an attendance allowance for meetings, benefits in kind, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits. In all cases, total remuneration annually paid to the member of the Board of Directors shall not exceed (SR 500,000) Five Hundred Thousand Saudi Riyal (With the exception of the members of the audit committee), in accordance with the controls set by the Capital Market Authority. The Board of Directors shall determine the special remuneration of the Chairman of the Board for his work and responsibilities in this capacity, in addition to the remuneration paid to members of the Board that is

mentioned above. However, the special remuneration of the Chairman is not subject to the maximum limit of the annual remuneration of the BOD members and if it exceeds the maximum limit, no objection should be obtained from SAMA prior to recommending this special remuneration to the Shareholders General Assembly for approval.

The company indemnifies a member of the board of directors and/or subordinate committees for any government taxes or fees such as valueadded tax arising from his membership in the company's board of directors. This compensation is not counted within the remunerations and compensations that fall under the upper limit mentioned in the above paragraph.

The company will share at the next general assembly the remuneration and compensation policy for board members and its subordinate committees. Accordingly, the Board of Directors proposed remuneration for board members based on recommendation of the Nomination and Remuneration Committee in addition to remuneration for Chairman of the Board of Directors for which the SAMA's NOC was obtained, in accordance with the relevant laws, regulations and instructions and with the conditions and standards approved by the General Assembly. None of the proposed remunerations and compensations for the chairman and members of the Board will be approved unless after obtaining approval of the General Assembly.

Board Members Remuneration

(SAR'000)

	Fixed Remuneration							Variable Remuneration							End service rewards	Grand Total	Expenses Allowances
	Specific amount	Allowance for attending the Board sessions	Total Allowance for attending committee sessions	In Kind benefits	A statement of the Board members remuneration as workers or managers or payments received for technical, administrative and consultancy work	Remuneration of the Board chairman, managing director or secretary, if they are committee members	Total	Profit share	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Equity (Value to be entered)	Total				
First: Independent Members																	
Yousef S Abalkhail	250	12	-	-	-	-	262	-	-	-	-	-	-	-	262	-	
Omar Al Jeraisy	200	9	61.5	-	-	-	270.5	-	-	-	-	-	-	-	270.5	-	
Hani Ibrahim Obaid	200	12	7.5	-	-	-	219.5	-	-	-	-	-	-	-	219.5	-	
Second: Non-executive Members																	
Bijan Khosrowshahi	150	12	0	-	-	-	162	-	-	-	-	-	-	-	162	-	
Jean Cloutier	150	12	6	-	-	-	168	-	-	-	-	-	-	-	168	-	
Paul Adamson	150	12	0	-	-	-	162	-	-	-	-	-	-	-	162	-	
Farid Saber	150	12	4.5	-	-	-	166.5	-	-	-	-	-	-	-	166.5	-	
Osama Kamela Kishk	150	12	6	-	-	-	168	-	-	-	-	-	-	-	168	-	

h. Main Decisions Adopted by the Board of Directors and review of the Company

During the year the Board has adopted the following key decisions:

- Reviewed financial performance of the Company and key business developments;
- Reviewed strategy of the Company for next 5 years;
- Approved of the financial statements for the year ended December 31, 2022

- Approved the strategic plan and budget for 2023 of the company;
- Approval of reinsurance arrangements;
- Review of solvency position of the Company;
- Review of technical reserving of the Company;
- Reviewed medical & motor pricing recommended by the appointed actuary and update from appointed actuary;
- Reviewed updates from Board sub-committees including Audit, Investment, Executive, Nomination & Remuneration and Risk Committee;
- Approved constitution of committees and succession plan.
- Recommended the distribution of cash dividends to the shareholders for the 2021 fiscal year.

i. Evaluation of the Board of Directors

The Nominations and Remuneration Committee determines the mechanism for evaluating the Board of Directors and its subcommittees according to procedures aimed at raising the efficiency of evaluation. Whereby all members of the Board of Directors are given a checklist containing different criteria. The evaluation results are consolidated by the Board of Directors and discussed by the Nominations Committee and reported during the Board meeting.

13. Committees of the Board of Directors

The Board has set up five consultative committees with approved terms of reference and mandates to carry out the assigned functions. Some members of the committee are awaiting regulatory approval for their appointment.

These committees are:

Investment & ALM Committee

Composition: The Investment and ALM Committee comprises of four members. As at 31st December 2022, the composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Hani Obaid	(Independent) Board member	Chairman	Mr. Obaid is a member of the Board for several companies such as Saudi Fransi Capital Funds (since 2015) and AXA Insurance Saudi Arabia (since 2017). He was also a Board member of Lazurde Company (listed in the Saudi market in 2016) from 2012 to 2017. Mr. Obaid earned Bachelor of Science, Management of Technology from Wentworth Institute of Technology Boston, MA in 2002 where he graduated Cum Laude.
Osama Kishk	Board member	Member	Mr. Kishk is currently the Chief Financial Officer of Gulf Insurance Group (GIG). Before joining GIG, he served as the Chief Financial Officer of Metlife Egypt. Mr Kishk also sits on the Board of various financial institutions in Egypt and Kuwait. Mr Kishk was awarded a Bachelor of Science degree in Commerce from Helwan University in 1996 and a Masters of Business Administration in Strategic

			Management from Maastricht School of Management in 2009.
Nicola bell	Non member	Member	Ms. Bell was appointed as the Chief Financial Officer (CFO) of AXA Gulf in 2016. She began her career with PricewaterhouseCoopers in 1998. She joined AXA UK in 2002 and over the past 14 years has held several senior executive functions within the Finance team and was appointed the CFO and Chief Risk Officer of AXA PPP healthcare in 2008. Ms. Bell is a Fellow member of the Institute of Chartered Accountants of England and Wales having qualified in 2001 and holds Bachelors degree in Law and Accounting (LLB-Hons) from the Queens University of Belfast graduating in 1998.
Ahmed Bucheeri	Non member	Member	Mr. Bucheeri have more than 20 years of financial services-related experience working in investments management, brokerage, placement, retail and investment banking. He has strong fundamentals, analytical and corporate management and governance skills backed by career experience and exposure to different markets and economic cycles. Mr. Bucheeri is a member of Chartered Alternative Investment Analyst (CAIA) and a Treasury & Capital Market Diploma Program from Bahrain Institute of Banking & Finance.

Meetings: The Investment and ALM Committee met four times during the year. The attendance status of members is as below:

Name	20/01/2022	12/05/2022	14/09/2022	17/11/2022
Hani Obaid	Present	Present	Present	N/A
Osama Kishk	Present	Present	Present	Present
Nicola Bell	Present	Present	Present	Present
Ahmed Bucheeri	Present	Present	Present	Present

Roles and responsibilities:

- Oversee the investments of the Company;
- To review in the light of new developments in local regulations, changes in business profile of the company, its overall risk tolerance and long-term risk-return requirements, the Company's solvency position as well as the evolutions of market conditions and to make recommendations to the Board for any appropriate updates of the Policy and to take decisions on all investments of the Company in line with the Policy;
- To take decisions on all investments of the Company in line with the Policy;
- To review regularly the investments and their performance; and

- To ensure that a periodic review of the adequacy of the resources, procedures and systems for the management of investments is carried out by the Company's Senior Management and to report to the Board on any identified vulnerability or dependency.

Audit and Compliance Committee

Composition: The Audit and Compliance Committee comprises of three members. The composition of the committee is as follows (at the end of December 31, 2022):

Name	Designation	Role in Committee	Qualification & experience
Khalid Al Turiafi	Independent (Non-Board Member)	Chairman	VP of Finance of Maaden. Mr. Khalid is a certified Public Accountant from Colorado State Board of Accountancy and Saudi Arabia. Mr. Khalid has an overall 25+ years of experience in different leading organizations.
Turki Obailan	Independent (Non-Board Member)	Member	CEO of Batic real estate company. Mr. Turki has vast knowledge and experience with Regulators. He was the Head of On-site unit for local banks with Saudi Central Bank (SAMA). Mr. Turki holds a master degree in Business Administration from University of Hull, UK.
Omer Jeraisy	Independent Board Member	Member	Mr. Omar is currently the founder and president of Ain Development and Investment Company, as well as a member of the board of directors of several companies. He has supervised the Jeraisy Investment Group's activities in real estate and capital markets for the past 10 years. Mr. Omar graduated in 2012 in the Department of Business Administration from Prince Sultan University. He also attended a course for executives in strategic investment management from the London Business School

Meetings: The Audit and Compliance Committee is required to meet at least six times in a year. During the year, the committee has met nine times. Attendance of the meetings is as follows:

Name	3/02/2022	6/03/2022	9/5/2022	30/5/2022	4/8/2022	6/10/2022	2/11/2022	10/11/2022	15/12/2022
Khalid AlTuraifi	Present	Present	Present	Present	Present	Present	Present	Present	Present
Turki Obailan	Present	Present	Present	Present	Present	Present	Present	Present	Present
Omar AlJeraisy	Present	N/A	Present	N/A	Present	Present	Present	Present	N/A

Roles and responsibilities:

- To supervise the company's internal audit department and to ensure its effectiveness in executing the activities and duties specified by the Board of Directors;
- To review the internal audit procedure and prepare a written report on such audit and its recommendations with respect to it;
- To oversee the activities of Compliance Department;
- To review the internal audit reports and pursue the implementation of the corrective measures recommended in them;
- To recommend to the Board of Directors on the appointment, dismissal and the remuneration of external auditors, with due consideration to their independence;
- To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties;
- To review together with the external auditor, the audit plan and make any comments thereon;
- To review the external auditor's comments on the financial statements and follow up the actions taken about them;
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto; and
- To review the accounting policies in force and advise the Board of Directors of any recommendations regarding them.

Remuneration: The Chairman of the Audit Committee is entitled to receive SR 15,000 per meeting and members of the Committee are entitled for SR 10,000 per meeting as remuneration.

Nomination and Remuneration Committee

Composition: The Nomination and Remuneration Committee comprises of three members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Hani Al Obaid	Independent Director	Chairman	Mr. Hani is a board member of several companies such as Saudi Fransi Capital (Since 2015) and AXA Insurance Company Saudi Arabia (Since 2017) He also served as a member of the Board of directors of L'azurde company listed on the Saudi market in 2016) From 2012 to 2017.Mr. Hani received his Bachelor of Science, Department of Technology Management from Wentworth institute of technology in Boston, and his Master's degree in 2002, where he graduated with distinction with honors.
Omar Al Jeraisy	Independent Director	Member	Mr. Omar is currently the founder and president of Ain Development and Investment Company, as well as a member of the board of directors of several companies. He has supervised the Jeraisy Investment Group's activities in real estate and capital markets for the past 10 years. Mr. Omar graduated in 2012 in the Department of Business Administration from Prince Sultan University. He also attended a course for executives in strategic investment management from the London Business School
Despo Michaelides*	Non – member	Member	Ms. Despo brings along with her vast experience in the field of Human Resource. She is Chief Human

			Resource Officer at AXA Insurance Gulf and has been working since 2008.
Caroline Bertrand**	Non – member	Member	Caroline holds Master Degree in Global Executive MBA – IE Business School and another Master Degree in Social and Political Science from University of Antwerp, Belgium. Caroline invested her career in Digital Marketing and Customer experience.

* Resigned on 03 Nov, 2022

** Appointed on 18 Jan, 2023

Meetings: The Nomination and Remuneration Committee is required to meet at least twice in a year. During the year, two meetings was held:

Name	28/02/2022	6/12/2022
Hani Al Obaid (Chairman)	Present	Present
Omar Al Jeraisy	Present	Present
Despo Michaelides*	Present	N/A

* Resigned on 03 Nov, 2022

Roles and responsibilities

- Recommend to the Board of Directors for appointing as members of the Board in accordance with the approved policies and standards; the Committee shall ensure that no person who has been previously convicted of any offence affecting ethical behaviour or integrity is nominated for such membership;
- Annual review of the requirement of suitable skills for membership of the Board of Directors and describing the required capabilities and qualifications for such membership, including, inter alia, the time that a Board member should reserve for the activities of the Board;
- 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 that are compatible with the company's interest;
- 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; and
- Draw clear policies regarding the indemnity and remuneration of the Board members and top executives.

Executive Committee

Composition: The Executive Committee comprises of four members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Paul Adamson	Non-executive director	Chairman	Paul is an Associate Member of the Chartered Insurance Institute. Mr. Adamson is CEO of GIG Gulf with over 25 years' experience in the financial industry.

Khalid Al Shuwaier	Chief Executive Officer	Member	Khalid has been working with the Company over 17 years. Prior to becoming CEO Khalid was the Head of P&C Claims. Khalid is an ACII from chartered Insurance Institute in addition to number of professional qualification in management, Finance, Governance and compliance
Farid Saber	Non-executive Director	Member	Mr. Saber is the Assistant Group Chief Executive Officer (Operations) of Gulf Insurance Group since November 2016. Mr. Saber is an experienced executive officer with a demonstrated history of working in the insurance industry in MENA region. He is also a Member of the Board of Directors at GIG Algeria, L'Algerienne vie (AGLIC), Gulf Sigorta, GIG Kuwait Takaful, and GIG Gulf all subsidiaries of GIG. Mr. Saber holds a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII).
Akram Tairi*	Head of Healthcare	Member	Bachelor's degree in Accounting from the King Saud University Riyadh, Saudi Arabia Mr. Tairi joined the Company in 2013G as Head of Healthcare Operations. Prior to joining the Company, he worked at the Company for Cooperative Insurance (Tawuniya) from 1994G to 2007G, Najm for Insurance Services from 2007G to 2009G and Malath Insurance Company from 2009G to 2013G. He has extensive experience in reinsurance, project management, medical insurance, human resource and administration

* Resigned on 19 June, 2022

Meetings: The Executive Committee is required to meet at least six times in a year. During the year, management committee has met five times during the year. Attendance of the meetings is as follows:

Name	10/01/2022	27/02/2022	6/04/2022	21/09/2022	5/12/2022
Paul Adamson	Present	Present	Present	Present	Present
Akram Tairi*	Present	Present	Present	N/A	N/A
Khalid Al Shuwaier	Present	Present	Present	Present	Present
Farid Saber	Present	Present	Present	Present	Present

* Resigned on 19 June, 2022

Roles and responsibilities:

- Exercise leadership and general managerial responsibilities over the work of the Company including decisions relating to daily operational management under the authority delegated by the Board;
- Establish policies and procedures in relation to all operational matters of the Company and oversee the implementation thereof;
- Review the budgets and plans of the Company and submit it to the Board for approval;

- Oversee all operational matters of the Company including recruitments of key staff;
- Review reports on the operations of the Company and implement recommendations;
- Perform all other duties and assume all other responsibilities as may be required by law or as directed by the Board; and
- Perform such other functions as may be advised by the Board of Directors.

Risk Management Committee

Composition: The Risk Management Committee is composed of three Members after Obtaining the Necessary regulatory approvals. The following is the statement of the members of the Risk Management Committee.

Name	Designation	Role in Committee	Qualification & experience
Thamer Zghal	Non - board member	Chairman	<p>Mr. Zghal is the CRO of GIG Gulf and joined the company in November 2014.</p> <p>Mr. Zghal has 13 years of experience in Actuarial, Reinsurance, Capital Modelling and Risk Management fields. He started his carrier with AXA Group and then moved to Mazars before joining AXA Gulf.</p> <p>Mr. Zghal has an Engineering Degree (Master's equivalent) from Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE) in France, specializing in Statistics and Economics. He also holds a Master's in Financial Engineering and Applied Mathematics from Paris Diderot University. He is a Qualified Actuary registered with the French Institute of Actuaries.</p>
Farid Saber	Independent Director	Member	<p>Mr. Saber is the Assistant Group Chief Executive Officer (Operations) of Gulf Insurance Group since November 2016.</p> <p>Mr. Saber is an experienced executive officer with a demonstrated history of working in the insurance industry in MENA region. He is also a Member of the Board of Directors at GIG Algeria, L'Algerienne vie (AGLIC), Gulf Sigorta, GIG Kuwait Takaful, and GIG Gulf all subsidiaries of GIG.</p> <p>Mr. Saber holds a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII).</p>
Mr. Jean Cloutier	Director	Member	<p>Mr. Cloutier is the Chairman of Fairfax International since 2013.</p> <p>Mr. Cloutier joined Fairfax in 1999 as Vice President and Chief Actuary and later became Vice President-International Operations. Prior to joining Fairfax, he worked with Lombard Canada Limited, Halifax Insurance and Dominion of Canada Insurance Company. Mr. Cloutier received his bachelor's degree in actuarial sciences from Laval University.</p>

He is a fellow of the Casualty Actuarial Society and a member of the Canadian Institute of Actuaries.

Meetings: The Risk management committee is required to meet at least four times in a year. During the year, management committee has met four times during the year. Attendance of the meetings is as follows:

Name	21/3/2022	6/6/2022	19/9/2022	28/11/2022
Thameur Zghal	Present	Present	Present	Present
Farid Saber	Present	N/A	Present	Present
Jean Cloutier	Present	Present	Present	Present

Roles and responsibilities:

- Identifying risks that may impact the Company and maintaining an acceptable risk profile for the Company
- Overseeing the risk management system and assessing its effectiveness
- Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company
- Reviewing risk management policies
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
- Reporting to the Board details of risk exposures and recommending actions to manage them
- Advising the Board on issues related to risk management

Committees members Rewards:

(SAR'000)

	Fixed Remuneration (Except For the Allowance for attending sessions)	Allowance For Attending sessions	Total
Audit Committee Members			
Khalid Alturaifi	0	135	135
Turki Alobilan	0	90	90
Omar Al-Jeraisy	0	60	60
Nomination & Remuneration Committee Members			
Hani Obaid	0	3	3
Omar Al-Jeraisy	0	1.5	1.5
Despo Michaelides	0	1.5	1.5
Risk Committee Members			
Thamer Zghal	0	6	6
Farid Saber	0	4.5	4.5
Jean Cloutier	0	6	6
Executive Committee Members			
Paul Adamson	0	0	0
Khalid Alshuwaier	0	0	0
Farid Saber	0	0	0
Akram Tairi	9	0	0
Investment & Alm Committee Members			
Hani Obaid	0	4.5	4.5
Osama Kishk	0	6	6
Nicola Bell	0	6	6
Ahmed Bucheeri	0	6	6

14. Executive Management

The Executive Management of the company consists of seven Members, and the composition of the management is as follows:

Name	Position	Qualifications and Experience
Khalid Al-Shuwaier	Chief Executive Officer	Mr. Khalid Abdulaziz Al-Shuwaier held a number of leadership position in the company over the past sixteen year, providing performances represented in his outstanding leadership capabilities and extensive knowledge of the Saudi Insurance Market. He holds fellowship of the chartered insurance institute in addition to a number of professional certificates specialized in management, Finance, Governance and Compliance.
Babar Ali Khan	Chief of Financial Deputy CEO	Babar has been associated with GIG for over 12 years and during his tenure he has delivered strong and sustainable results. Babar has also led Risk Management, Strategy and Compliance in GIG (previously AXA). Prior to joining GIG (AXA) Babar was associated with PricewaterhouseCoopers in Assurance and Business Advisory Division. Babar hold various qualifications include CPA, ACMA, ACA and is Bachelors in Commerce. He also participated in the Executive Development program at INSEAD.
Manal Alkhathlan	Deputy Chief Financial Officer	Ms. Manal Al Khathlan has been associated with GIG for over 7 years. Prior to her role as Deputy CFO she worked as Senior Finance Manager responsible for Planning, Budgeting & results. Ms Manal has also worked on Strategy function where she was responsible to consolidate and oversee strategic initiatives of the Company. She has also worked in payment function of the company and responsible to oversee expenses. Manal is certified in finance from Harvard Business School, Master's in Science in addition to various other insurance certifications.
Abdulhameed sheikh El-Din	Technical underwriting manager	Mr. Abdulhameed Sheikh El- Din has more than 25 year of experience in the insurance sector. He also holds the position of underwriting manager for AXA Company. Mr. Abdulhameed obtained a Bachelor of Commerce in addition to Fellowship of the Chartered Insurance institute.
Akram Tairi*	Medical Services Manager	He holds a Bachelor's degree in Accounting from King Saud University, in Riyadh, Saudi Arabia. Mr. Akram Tairi joined the Company in 2013 as Head of Healthcare Operations. Before joining the company, he worked in the Cooperative Insurance Company (Tawuniya) from 1994 to 2007, Najim Insurance Services Company from 2007 to 2009, and Malath Insurance Company from 2009 to 2013. He also has extensive experience in reinsurance, project management, medical insurance, human resources and administration.
Abdulaziz Alahmed	Head of Human Resources	Abdulaziz holds a Bachelor's degree in Arts from King Saud University, a diploma from CIPD, and a Human Resource Development Certificate. Abdulaziz has 11 years of experience brought from Global organization such as the United Nations and international organizations such as HP and Kempinski. Variety of experiences Abdulaziz will provide best practices to instill GIG's culture and values in order to improve and enhance the employee experience.

Alaa Gharbawi	Chief Information Officer	Mr. Alaa Gharbawi has more than 18 years of experience in various sectors and holds the position of Chief Information Officer for the Gulf Insurance Group. Alaa obtained a master's degree in artificial intelligence supported by entrepreneurship at King Abdullah University of Science and Technology. Before joining the company, he worked for Bupa Arabia Insurance Company from 2017 to 2020.
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* Resigned on 19 June, 2022

a. Remuneration Paid to Senior Executives

Details of the remuneration paid to top five executives including Chief Executive Officer and Chief Financial Officer are as follows:

Name	2022 (SR'000)
Salary & compensation	4,928
Allowances	2,161
Other benefits and incentives	5,210
Total	12,299

The executives and all employees are entitled for incentive scheme which is based on the individual performance of employee as well as performance of the Company.

15. GENERAL ASSEMBLY

During the year, the Company had a two General Assembly convened on 16 January 2022 and on 15 May 2022, and an Extra Ordinary General Assembly Meeting convened on 13 June 2022. The results of these meetings were published on the Saudi Stock Market (Tadawul). Shareholders have approved the following during the meeting:

Date	Results of the meeting
General Assembly Meeting held on 16 January 2022	<ul style="list-style-type: none"> - Approval on the Board's resolution to appoint Mr. Osama Kamela Kishk as a Non- Executive board member starting from the date of his appointment on 06/09/2021 G. to complete the Board term until the end of the current term on 31/07/2024 G., succeeding the former member Mr. Nicolas De Nazelle Non- Executive board member. - Approval on the Board's resolution to appoint Mr. Bijan Khosrowshahi as a Non- Executive board member starting from the date of his appointment on 06/09/2021 G. to complete the Board term until the end of the current term on 31/07/2024 G., succeeding the former member Mr. Stephen Wagstaff Non- Executive board member. - Approval on the Board's resolution to appoint Mr. Jean Cloutier as a Non- Executive board member starting from the date of his appointment on 06/09/2021 G. to complete the Board term until the end of the current term on 31/07/2024 G., succeeding the former member Mr. Ali Abdulla Kanoo Non- Executive board member. - Approval on the Board's resolution to appoint Mr. Farid Saber as a Non- Executive board member starting from the date of his appointment on 06/09/2021 G. to complete the Board term until the end of the current term on 31/07/2024 G., succeeding the former member Mr. Matthieu Bebear Non- Executive board member. ▪ The Meeting was attended by all the following members of the board of directors: Mr. Yousef S Abalkhail – Chairman Mr. Paul Adamson – Board Member

**General Assembly
Meeting held on 15
May 2022**

- Approval on the Board of Directors Report for the fiscal year ending on December 31, 2021
- Approval on the company's auditors' report for the fiscal year ending on December 31, 2021
- Approval on the Annual Financial Statements for the fiscal year ending on December 31, 2021
- Approval on the selection of the external auditors from the nominees based on the Audit Committee recommendation, so that the said external auditors are assigned to review the annual financial statements for the fiscal year 2022, and the 2022 second, third and fourth quarters' quarterly reports, and the 2023 first quarter quarterly report, and to determine their fees. The selected external auditors are: Ernst & Young Professional Services, Allied Accountants Professional Services L.L.C
- Approval to absolve the members of the Board of Directors from liability for their performance during the fiscal year ending on December 31, 2021
- Approval to disburse the amount of 1,400,000 Riyals as a remuneration to the members of the Board of Directors for the fiscal year ending on December 31, 2021
- Approval on the business and contracts that will be concluded between the company and Al Jeraisy Group Company, in which the Board member, His Excellency Mr. Omar Abdul Rahman Al Jeraisy, has an indirect interest, and they are insurance policies without preferential terms, noting that the transactions for the year 2021 amounted to 23 million Riyals.
- Approval on the business and contracts that will be concluded between the company and Buruj Cooperative Insurance Company, in which the members of the Board of Directors, His Excellency Mr. Bijan Khosrowshahi, Mr. Paul Adamson, Mr. Jean Cloutier, Mr. Farid Saber, and Mr. Osama Kishk have an indirect interest in them, which are insurance commissions Without preferential terms, the transactions for the year 2021 amounted to 101,000 Riyals.
- Approval on the business and contracts that will be concluded between the company and Buruj Cooperative Insurance Company, in which the members of the Board of Directors, His Excellency Mr. Bijan Khosrowshahi, Mr. Paul Adamson, Mr. Jean Cloutier, Mr. Farid Saber, and Mr. Osama Kishk have an indirect interest in them, which are insurance premiums Without preferential terms, the transactions for the year 2021 amounted to 870,000 Riyals.
- Approval on the recommendation of the Board of Directors to distribute cash dividends for the fiscal year 2021, (by One Riyal) per share in a total amount of (50,000,000 Saudi Riyals), 10% of the nominal share value, provided that the shareholders owning the shares are eligible at the end of the trading day of the General Assembly meeting and those registered in the company's shareholders' register with the Securities Depository Center Company (Edaa Center) at the end of the second trading day following the approval date, provided that the company will announce on the distribution date later.
- The Meeting was attended by all the following members of the board of directors:
 - Mr. Yousef S Abalkhail – Chairman
 - Mr. Bijan Khosrowshahi - Vice Chairman
 - Mr. Paul Adamson – Board Member

**General Assembly
Meeting held on 13
June 2022**

- Approval on the amended Article (1) company bylaw regarding to Incorporation
- Approval on the amended Article (2) company bylaw regarding to Company's Name
- Approval on the amended Article (3) company bylaw regarding to Purpose of the Company
- Approval on the amended Article (4) company bylaw regarding to Merge & Acquisition
- Approval on the amended Article (7) company bylaw regarding to Company's Investments
- Approval on the amended Article (12) company bylaw regarding to Trade of shares
- Approval on the amended Article (13) company bylaw regarding to Capital Increase
- Approval on the amended Article (14) company bylaw regarding to Capital Reduction
- Approval on the amended Article (15) company bylaw regarding to Company's Management
- Approval on the amended Article (16) company bylaw regarding to Termination of Board Membership
- Approval on the amended Article (17) company bylaw regarding to Vacant Positions in the Board
- Approval on the amended Article (18) company bylaw regarding to Board Powers
- Approval on the amended Article (19) company bylaw regarding to Remuneration of the Board Members
- Approval on the amended Article (20) company bylaw regarding to Powers of the Chairman, Vice Chairman, Managing Director and Secretary
- Approval on the amended Article (21) company bylaw regarding to Board Meetings
- Approval on the amended Article (22) company bylaw regarding to Quorum of the meetings
- Approval on the amended Article (24) company bylaw regarding to Agreements and Contracts
- Approval on the amended Article (25) company bylaw regarding to Attendance of General Assemblies
- Approval on the amended Article (26) company bylaw regarding to Constitutional Assembly
- Approval on the amended Article (27) company bylaw regarding to Powers of the Constitutional Assembly
- Approval on the amended Article (28) company bylaw regarding to Powers of the General Assembly
- Approval on the amended Article (30) company bylaw regarding to Summon for the General Assembly
- Approval on the amended Article (32) company bylaw regarding to Quorum of the Ordinary General Assembly
- Approval on the amended Article (33) company bylaw regarding to Quorum of the Extraordinary General Assembly
- Approval on the amended Article (36) company bylaw regarding to Discussions at Assemblies
- Approval on the amended Article (39) company bylaw regarding to Auditor Appointment
- Approval on the amended Article (41) company bylaw regarding to Obligations of the Auditors
- Approval on the amended Article (43) company bylaw regarding to Financial Documents

	<ul style="list-style-type: none"> - Approval on the amended Article (45) company bylaw regarding to Zakat, Reserve and Shareholders' Profits - Approval on the amended Article (46) company bylaw regarding to Entitlement in Profits - Approval on the amended Article (49) company bylaw regarding to Board of Directors Liability - Approval on the amended Article (50) company bylaw regarding to Company's Dissolution - Approval on the amended of the Company name from AXA Cooperative Insurance Company to Gulf Insurance Group <ul style="list-style-type: none"> ▪ The Meeting was attended by all the following members of the board of directors: Mr. Yousef S Abalkhail – Chairman Mr. Paul Adamson – Board Member Mr. Farid Saber - Board Member Mr. Jean Cloutier - Board Member
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The minutes of shareholder's meeting are documented and published on Tadawul. The company encourages its Directors to attend its Board meetings and if there is any matter raised by the shareholders, Chairman of the Board of Director communicates to the members of the Board through the meetings of the Board of Directors, the committees of the Board and the meetings of the General Assembly.

16. The number of the company's request the shareholder's register and the dates and reasons for those request.

Number of company's request shareholders register	Date of request	Reasons for the request
1	24/02/2022	General Assembly
2	25/05/2022	Profits File

17. Shareholding Pattern as at December 31, 2022

Shareholder	Number of shares	Value of shares	Percentage
Public	25,000,000	250,000,000	50%
GIG (Gulf) B.S.C (c)	25,000,000	250,000,000	50%
Total	50,000,000	500,000,000	100%

18. EXTERNAL AUDITORS

Ernst & Young Professional Services, Allied Accountant Professional Services L.L.C are current auditors of the Company. The current term of the auditors is until March 31, 2023.

19. EXTERNAL AUDITORS' REPORT

The external auditors' have issued an un-qualified opinion on the financial statements:

20. INTERNAL AUDIT

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the entity's risk management, control, and governance processes. The Internal Audit Department follows a risk based auditing approach. Internal audit reports to the Audit and Compliance Committee. The Audit Committee reviews the integrity and efficiency of this system periodically. The internal audit endeavours to provide assurance that internal controls in place are adequate to mitigate the risks and governance processes are efficient to ensure organizational objectives are met. It therefore conducts various operational audits and performs regular reviews of various key operations. It typically reports the most significant issues to the Audit Committee on a quarterly basis along with management

progress towards resolution. During the year, internal audit conducted various audits and key issues were reported to the audit committee along with management's progress towards resolution.

21. INTERNAL CONTROLS

Internal Audit exists to help the Board and Executive Management protect the assets, reputation and sustainability of the Company by providing an independent and objective assurance activity designed to add value and improve the Company's operations. It helps the Company meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, reports to Audit Committee.

Internal Audit annually sets up an internal audit plan of work, based on an assessment of both the inherent risk and the adequacy of controls. Its performance is formally monitored and reported to the Audit Committee. All audit items are subjected to internal audit according to audit cycle which is based on the item's inherent risk rating. Any exceptions identified are notified to the Audit Committee for ratification. A report is issued at the conclusion of each audit assignment to the relevant senior management. The results of the audits and resolution status of internal audit issues are presented to the Audit Committee and Executive Management on a regular basis

During the year, the audit committee performed, amongst others, the following activities:

- Reviewed and approved the internal audit plan for 2022 as well as the adequacy of the resources to execute the plan;
- Assessed the effectiveness of the internal audit function and reviewed the findings reported in the internal audit reports;
- Review annual financial statements for the year 2021.
- Reviewed and approved interim financial statements for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022. The Committee has also reviewed and approved Annual financial statements for the year ended December 31, 2022 (subsequent to the end of the year);
- Reviewed the report on risk management;
- Evaluated the activities of the compliance departments and reviewed the findings reported in the compliance report.
- Reviewed and approved the compliance and AML plan for 2022 as well as the adequacy of the resources to execute the plan;
- Reviewed the measures placed to ensure independence of the external auditors.
- Reviewed adequacy of actuarial reserves
- Received update on key projects of the Company and associated risks
- Reviewed IFRS 17 project implementation.

22. RESULTS OF THE EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES

The results of audits carried out during the year assured the effectiveness of the internal controls and revealed that internal monitoring and risk control applied by the Company is based on sound grounds and implemented effectively to ensure the reliability of the financial report and their compliance with applicable laws and regulations.

The internal auditors have conducted a number of reviews during 2022 and the results have been considered by the Audit Committee in building an opinion on the effectiveness of the internal control systems of the Company. All issues identified by the internal audit are addressed to the management and timelines are agreed with them for resolution of such issues. No major outstanding issues remain at the end of 2022.

The external auditors have also carried out their standard audit procedures to help them in expressing their opinion on the Company's financial statements. No material issues have been identified or raised by the external auditors either within their report or as part of the Management Letter.

The audit committee has conducted an overall review of the Company's system of internal controls during 2022 using a risk based approach to ensure scope and quality of management's on-going monitoring of

risk and the work of internal and external audit. Compliance and risk functions provide assurance of Company's ability to meet strategic objectives.

The above aspects have collectively helped the board in gaining assurance that the Company's financial reporting, risk management and internal control arrangements are effective and the key risks faced by the Company are identified and managed.

The Board confirms that there is no significant issue and internal control function is operating effectively.

23. COMPLIANCE

The Company is firmly committed to the compliance of regulations and to combat money laundering. The Company has established policies and procedures that combine general principles with local regulations in force. The Compliance function is headed by Compliance and AML Manager who is responsible for coordinating initiatives and circulating relevant information. At the branches, Compliance Coordinators are identified and it is part of their function to implement the guidelines, as well as to prevent, detect and put a stop to any money laundering that comes to their attention, conduct further investigations and report to the MLRO for further review and reporting to regulators where necessary. The Company has invested in maintaining high standards of compliance including e-training for staff, sanction list screening software, auto e-mail alerts for large transactions, automated tool for compliance monitoring and a dedicated e-fax number for regulators.

24. CODE OF CONDUCT

The Company is determined to enforce and promote sound professional ethics, as expressed in the Company's Corporate Governance & Ethics Guide. The Company's Code of Conduct provides a set of minimum standards and underlying ethical principles that serve as a guide to Company's directors, executive management and employees as they perform their duties and transact business. These standards reflect AXA's values and commitments and consequently the personal conduct that is expected of all AXA employees, in particular to avoid conflicts of interest. It covers how employees are expected to handle confidential information and disclosure practices, compliance with laws, relationships with government officials and how employees can help the Company fight against internal fraud and attempted money laundering. The Company's Corporate Governance and Ethics Guide have been distributed to all employees and is part of the staff manual handed out to new joiners.

25. CORPORATE RESPONSIBILITY

GIG delivers its Corporate Responsibility (CR) through 6 pillars, for 6 stakeholder groups:

- Shareholders - committed to conducting its business ethically, fairly and in a transparent way.
- Customers - committed to responsible customer relations through clear and transparent communication and marketing of our products, and by managing the claims process responsibly.
- Suppliers - committed to responsible supplier relations.
- Employees - being a responsible employer, placing employee engagement at the heart of our business strategy.
- Environment - committed to reducing its direct impact on the environment by actively managing our waste, emissions and our consumption of natural resources.
- Local Communities - committed to playing a positive role in society by building a culture that promotes employee volunteering and corporate giving to support the communities in which we operate.

26. REGULATORY FINES AND PENALTIES

Violation Subject	FY 2022		FY 2021	
	Number of Executive Resolution	Total amount of Fines in SR	Number of Executive Resolution	Total amount of Fines in SR
Violating SAMA's supervisory and controlling instructions	2	640,000	3	350,000
Violating SAMA's instructions on client protection	1	20,000	0	0

Violating SAMA's instructions on taking care for anti-money laundry and terrorism finance	0	0	0	0
Violating CHI's instructions	1	956,300	0	0

A Description of Any Punishment, Penalty or Statutory Reserve or Restriction Imposed on Any of the Board Members by Any Judicial, Supervisory, or Regulatory Authority in Respect of The Company

BOD members declare that there is no punishment, penalty, statutory reserve or restriction imposed on any of the board members during year 2022 by any judicial, supervisory, or regulatory authority in respect of The Company.

27. Risk management

a) Risk governance

The Company's risk governance is established in a set of policies, procedures and controls which use the existing organisational structure to meet strategic objectives. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors of the Company. Risk Management function is carried out by "Risk Management Committee".

The Company is exposed to credit, liquidity, market, insurance and operational risks.

Risk management structure

Board of Directors

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Risk Management Committee

The Committee is the operating governance body overseeing all main risks (insurance, financial, operational, and all other potential risks) and acts as the main decision-making risk body.

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company;
- Overseeing the risk management system and assessing its effectiveness;
- Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company;
- Setting and periodically reviewing risk management policies;
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises);
- Reporting to the Board details of risk exposures and recommending actions to manage them.
- Advising the Board on issues related to risk management;
- Setting the Risk appetite for the company and periodically reviewing the same;
- Reporting any breach of risk management to the Board;
- Reviewing the adequacy of the reinsurance arrangements of the company; and
- Facilitating implementation of a risk culture throughout the company.



Senior Management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

The Risk Manager

The Risk Manager, being part of the overall risk management governance structure, is responsible for coordinating all activities relating to risk management. He is part of the risk management committee and has full access to Audit Committee. The risk management committee reports to the Board of Directors. .

The risks faced by the Company and the way these risks are mitigated by the management are summarised below.

b) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claim payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent developments of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The risk is further reduced by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

c) Accident, Liability and Motor

Accident and Liability

The accident category includes personal accident insurance, money insurance, business all risk insurance and business travel insurance. Liability insurance includes general third-party liability, product liability and workmen's compensation/employer's liability protection arising out of acts of negligence during their business operations.

Motor

Motor insurance is designed to compensate policy holders for damage suffered to their vehicles or liability towards third parties arising through accidents. Policyholders could also receive compensation for fire damage or theft of their vehicles.

For accident, liability and motor policies the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has observed significant increases in the amount awarded for blood money. The Company has well developed risk acceptance procedures based on critical underwriting factors such as driver's age, driving experience and nature of vehicle to control the quality of risks that it accepts. It also has risk management procedures in place to control the costs of claims.

d) Property

Property insurance is designed to compensate the policyholders for damages suffered to properties or for the value of properties lost. Policyholders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

Significant risks underwritten by the Company are physically inspected by qualified risk engineers to make sure adequate fire protection and security measures are in place. Additionally, the Company also tracks the potential of risk accumulation.

e) Marine

Marine insurance solutions are mainly designed to compensate policyholders for accidents at sea, on land or in air resulting in the total or partial loss of their merchandise (cargo insurance). The underwriting strategy for marine class of business ensures that coverage is provided based on the quality of vessels used and shipping routes followed. Vessel details are validated through international agencies while making the underwriting decisions.

f) Engineering

Engineering covers two principal types as summarised below:

- (i) “Contractors All Risk” insurance offers insurance coverage during erection or construction of buildings or civil engineering works including houses, shops, blocks of flats, factories, roads, bridges, sewage works and reservoirs.
- (ii) “Erection All Risk” insurance offers insurance coverage during the erection or installation of plant and machinery including power stations, oil refineries, chemical works, cement works, metallic structures or any factory with plant and machinery.

The Engineering line of business also offers insurance covers for machinery and electronic equipment failures.

Significant risks underwritten by the Company are physically inspected to make sure adequate fire protection, security and project management are in place.

g) Health & Protection

Health insurance is designed to cover the medical expenses incurred as a result of a disease or an illness or an injury. The policy provides the policyholder and their employees with access to first-rate medical facilities comprising of latest treatments and technologies, subject to the terms of the relevant policy and the policyholders’ personal circumstances.

Protection insurance covers the risks of death or disability following accidents or illnesses and compensates the member or dependents in the event of loss.

The main risk faced in health insurance is the increase in medical costs which may exceed beyond the expectation or an increase in the claims due to exceptional events like outbreak of pandemic diseases. The underwriting strategy includes management of exposures and concentrations within acceptable risk appetite and risk tolerance levels and optimization of reinsurance strategies through a combination of reinsurance cession with approved and well-rated reinsurers and retrocession arrangements. The Company’s centralized claims management platform controls and manages its medical insurance claims.

h) Reinsurance Risk

Similar to other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from increased risks and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers approved by the Board of Directors of the Company. The criteria may be summarized as follows:

- a) Minimum acceptable credit rating by agencies as per regulations;
- b) Reputation of particular reinsurance companies; and
- c) Existing or past business relationships.

Furthermore, the financial strengths and managerial and technical expertise as well as historical performance, wherever applicable, are thoroughly reviewed by the Company before placement of reinsurance.

i) Regulatory Framework Risk

The operations of the Company are subject to regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe the approval and monitoring of activities but also impose certain restrictive provisions, e.g. capital adequacy, to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to address any unforeseen liabilities if they may arise. In management's opinion, the Company has complied with all such regulatory requirements.

j) Financial Risk

The Company's principal financial assets and liabilities are cash and cash equivalents, available-for-sale investments, statutory deposits, receivables and payables arising from insurance and reinsurance contracts, receivables from / payables to related parties and accrued and other liabilities.

Financial assets and liabilities are offset and the net amount is reported in the financial position, when there is a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The main risks arising from the Company's financial instruments are commission rate risk, credit risk, liquidity risk and market price risks. The finance committee appointed by the Board of Directors of the Company reviews and agrees policies for managing each of these risks which are summarised below.

Commission Rate Risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company is exposed to commission rate risk on its time deposits, short-term deposit and available-for-sale investment. The Company limits commission rate risk by monitoring changes in commission rates. The Company does not have any interest bearing liabilities.

Credit Risk

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

The Company only enters into insurance and reinsurance contracts with recognised and credit worthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts. The Company limits its credit risk with regard to time deposits by dealing with reputed banks only.

The Company limits its credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

There are no significant concentrations of credit risk within the Company.

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with insurance contracts. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business.

All significant financial liabilities of the Company are due within one year of the date of the statement of financial position.

Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its



issuer, or factors affecting all securities traded in the market. Available for sale investments of the Company are exposed to market risk.

Market risk is limited by investing in companies with good credit rating. In addition, the key factors that affect the market are monitored, including operational and financial performance of the company.

k) Capital Risk Management

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid up capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company meets the solvency requirements as at December 31, 2022.

l) Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Company's financial assets consist of cash and cash equivalents, receivables, investments, accrued income and financial liabilities consisting of payables and accrued expenses. The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the identical assets or liabilities (i.e. without modification or repacking). Level 2: quoted prices in active markets for similar financial assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and Level 3: valuation techniques for which any significant input is not based on observable market data.

28. DECLARATIONS

The Board of Directors acknowledges its responsibility for the correct and fair presentation of the company's financial position, and hereby acknowledges the following:

- That the account records are properly prepared
- The internal control system was prepared on sound bases and implemented effectively.
- There is no doubt about the company's ability to continue its activity.

Acknowledgements

The Company's Board of directors extends its sincere thanks and appreciation for the cooperation and support the company has received from clients, brokers, regulatory authorities, banks and financial institutions, the board of directors would also like to express its sincere appreciation for the services rendered by all the company's employees and its gratitude to the shareholders for their continued support.

The Board acknowledges with gratitude the co-operation and support extended by customers, intermediaries, regulators, banks and financial institutions. The Board also wishes to place on record their sincere appreciations of the services rendered by all employees of the Company and are thankful to the Shareholders for their continued patronage.

On behalf of board of director

Yousef Abalkhail
Chairman of the Board of Directors