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Annual Report
1440 - 1439



Message from the Chairman

Eng. Mubarak Bin Abdullah Al-Khafra

Chairman of Board of Directors



M/s Shareholders of Malath Cooperative Insurance Co.

Dears,

I would like, at the beginning of my word, to extend my deep thanks shareholders of the company for their trust in the current BOD, who will complete his session on 05/04/2019. I would also like to thank my colleagues in the BOD, for their endless efforts, support and enhance the Company through the administrative sub-committees of the Board. On behalf of me and my colleagues and members of the board, I am pleased to present for you, report of the BOD enclosed with the financial statements, that have been reviewed and audited by an outsource auditor, enclosed with the attached explanations for the Fiscal Year ended on 31 December, 2018. These documents shall highlight the most important Achievements, progress, financial results, operating activities, the future plans and trends of the Company. These documents, as well, shall have detailed financial disclosures regarding the boards and regulations issued by the Capital Markets Authority, Saudi Arabia. All the relevant information, duties, missions and tasks of the BOD and the other Sub-Committees.

In spite of what faced the company during the previous years, however The total underwriting premiums for 2018 have increased up to 729,076, comparing with year of 2017 G., it was 726,978, in a growth ratio of 0.29%, In spite of this, the Company is still complied with adequacy specified pricing of the policies as well as the prices imposed and determined by the appointed Actuary

The company is still on its right way, so it could actually sustain developing its Auto-Services and the electro application of Malath for the smart-phones and adding number of beneficial features and services that enable issuing and getting the Individual/retail vehicle's insurance policies i.e. the TPL or the comprehensive policies, as the company added feature of payment the policy's premium by MADA Card or payment the premium in installments through the Credit Cards

At end of 2018, the company has signed agreement of offering the "On-Way Service/Assistance" to customers of Malath through the Electronic Application, the company could accordingly, add a unique and distinguished service, it is the first distinctive feature be added and offered in the Kingdom of Saudi Arabia .

The leading forwarding steps by the Company did not have only this, however, its leading role continued and became one of Malath's principles, especially in field of the Auto-progress, so the company offered device/system of the first self-service, which offered the motor vehicle claims, to become currently; the first self-service device/system in world of the insurance products, it shall enable the customers to issue the insurance policies for a number of retail products, in addition to development of vehicle claims and the claims service for health-care insurance customers. At the beginning of 2019; Malath inaugurated its first smart Auto- Self-service branch to issue the retail insurance policies as well as the claims, it was the first branch in the Middle-East, which allowed customers of the company to achieve all of their insurance transactions in an easy way.

In view of this auto-progress and the actual increase in the infrastructure efficiency, Management of the company did not neglect the human cadres/power of the company, which is considered the most important pillar, So, at the beginning of 2018, Mr. Fawaz bin Abdurahaman Al-Haji has been assigned as CEO, with our deep considers and best wishes from BOD for him to go forwards achieving the future desired targets of the company. At the same year of 2018, Mr. Tarek bin Saleh Al-Ghamdi has been appointed as a first CEO Deputy for properties insurance and the public liabilities/Incidents. In addition Malath pays its attention to the human carders /power of the company, the Suadization rate has reached 69% in the total number of the company's employees.

At the end, I would like to take this opportunity to avail and express my deep thanks and appreciation to our BOD colleagues, the shareholders of the company, our esteemed customers for their trust in our company and all the staff for their efforts towards Malth's March and success. I would like, as well, to thank all the supervised authorities and entities, on top of this, is SAMA and the Council of Cooperative Health Insurance (CCHI). We are full of hope to sustain this march of success, looking forward achieving the targets and the ambitions of our distinguished shareholders.

May Allah bless and guide all of us to success,

Chairman of BOD





Report of the Board of Directors for the Financial Year 2018

1- The Company in Brief:

The company has been established by a group of prominent Saudi investors in a paid capital of SR 300 million. 47.48% of the capital was offered for the initial public underwriting. On April 9, 2007, Establishment of Malath Company was announced as a public shareholding company that carries out the cooperative insurance activities issued by the Saudi Arabian Monetary Agency and boards and regulations of the Council of Cooperative Health Insurance. On May 5, 2010, the ban on the founding shares was released and the founding shareholders became free in dealing and disposing their shares. On 30 Jan 2017, The Company submitted its capital reduction file to the Capital Market Authority. On 20 April 2017, The Company presented its capital decreasing file to the Capital Market Authority by offering shares of priorities' rights to the Capital Market Authority, and on 01 Oct. 2017, the Extraordinary General Assembly has agreed to increase the company's capital. On 29 Mar, 2017, the Extraordinary General Assembly has agreed to decrease the company's capital to SR 120 M., dated 28 Sep. 2017 the Extraordinary General Assembly has agreed to increase the company's capital to SR 500 M.

2- Company's Activity:

The main activity of the company business represents in providing products of the cooperative insurance. The Company carries out all of its activities and business in accordance with the Cooperative Insurance Boards and Regulations adopted in the Kingdom of Saudi Arabia. Malath Company offers whole and integrated lines of the general cooperative insurance, that include all of businesses such as Engineering Insurance, Fire & Property Insurance, Marine Insurance (Goods and Hulls), Miscellaneous Insurance and Motor Insurance. The Company offers as well, to the Whole (Groups) & Individuals (Retail) sales of the Medical Care Cooperative Insurance Service. The company serves its customers through its main Head of fice in Riyadh, its regional administrations in the central, western and eastern regions, its numerous branches in the different parts of the Kingdom, as well as a customer service center, Motor compensation centers and the specialized health care insurance Department, and through the website of the company on the network, applications of the smart phones the unique self-services devices/ systems.

3- The most important insurance lines in the Malath business

Insurance Line	Product	Percentage of the Total Insurance Premium 2018
Health care insurance	Health care insurance for the groups	28.1%
	Health care insurance of the retail and the small groups	
Motor insurance	TPL Insurance	60.5%
	And the damages occurred for the vehicles	
General Insurance	Comprehensive Insurance	11.4%
	Property Insurance	
	Engineering Insurance	
	Miscellaneous insurance	
	Marine insurance	
	Cover Protection Insurance for the groups	



4- Description of the Main Activities and Businesses of the Subsidiaries
(SR in Thousands)

Name of the subsidiary Company	Main Activity	Revenues of the Activity*	Ratio
Najm, Insurance Services Company	Determine Liability of the Accidents' Parties	1,923,000	100%

*Revenues of the Activity achieved through investment in NAJM Insurance Service Company.

5- The most important developments of the market

The progress of the insurance market has sustained during year of 2018 in respect of the Unified Compulsory Motor Insurance (Health Care Insurance and the Motor Insurance). The insurance activities have witnessed a strong movement of progress as a result of enhancement the regulators that aimed to raise up awareness of the insurance importance and also assisted the insurance sector to create and provide jobs for the Saudi labor market in the companies, the intermediaries and the agents of the insurance

6- Details and description of the company’s important plans, its decisions, and the future expectations regarding business of the Company

- On Feb. 27, it was announced signing the renewal of the General Insurance Agreement of the motor-vehicle policy with Abdullatif Alissa Group Holding Company | AAGH
- On March 7, 2018, it was announced the initial understanding period in respect of the merging study with Allied Cooperative Insurance Group Company (ASIG), as it was extended for additional six months period from date of the said announcement.
- On March 14, 2018, it was announced Recreation of the company at Council of Cooperative Health care Insurance for one year, to be ended on 22 March 2019.
- On March 15, 2018, the company announced receipt of the Actuary recommendation to increase the technical reserves.
- On May 2, 2018, it was announced about, the company's invitation to the shareholders to attend the General Assembly (First Meeting).
- On May 23, 2018, the company was notified to provide the Arab National Bank of the insurance cover.
- On May 24, 2018, results of the General Assembly (Second Meeting) were declared of approval all the items
- On July 12, 2018, the last updates regarding the initial understanding period in respect of the merging study with Allied Cooperative Insurance Group Company (ASIG), was announced, The BOD decided to discontinue these discussions because of non-achieving an initial agreement with (ASIG) regarding the adopted methodology in evaluating both of the two companies.
- On Dec. 19, 2018, the nomination and the candidate for membership of the BOD was announced for the next session.



The company has recreated and developed a self-service system/device to provide the following services to the customers, in addition to the other electronic services provided by the application and website of the company, as follows:

The products which have been sold and distributed through the system/device were as follows:

1- Motor Insurance

2- Travel Insurance

3- Medical Care Insurance

Type-of-the presented Service:

- Sales Services
- Motor claims

- Sales of Travel insurance

- Review the medical-care insurance of the beneficiary

The system/device of the self-service has been placed in the following sites:

- The Regional Department at the Central Region - Riyadh - Prince Muhammad bin Abdulaziz Road
- Center of the Motor-Claims, Riyadh - Al-Khalig Neighborhood, Sheik Jaber Street
- Motor Claims Center - Jeddah - Prince Muteb bin Abdulaziz Road,
- Motor Claims Center - Dammam- King Fahad Road, Dammam
- Al-Salam Mall - Riyadh, Western Round Road, Gate No. (3)
- The company's management has also established an internal electro-system to the Anti-money laundering, combat terrorist financing systems "AML & CTF" in view of the regular local and international requirements.
- Malath has established an internal Academy to develop staff of the company, this Academy has included many of the specialized professional courses
- The company as well, established Department for caring of the shareholders, and to direct their notices and proposals to the BOD and the other relevant Departments

The future Expectations of the Company's Business

- Developing the operational processes through the various electronic platforms "Website, mobile application, self-service device and the self-service branch"
- Developing capabilities, potentials and the technical/underwriting skills.
- Developing the innovation culture based on development of insurance products in serving the customers.
- Improve the customer service and measure level of their satisfaction.
- Continue improvement and development in field of the information technology.
- Continue the focus on establishing and qualifying the company's employees.

7- Regular Penalties

There are no regular penalties for year of 2018.



8- Strategy of the company and the future prospective

In addition, the company keeps on its strategy in order to be the preferred and the best chosen insurance company in the Kingdom. This shall be achieved by providing the various and innovative insurance products in competitive prices and best services, in addition to a value for the customers and shareholders. The BOD reviews in a regular way, the main strategy of the company, the work plan and what have been achieved this year and they look forward to achieve in the forthcoming years. The BOD, and their relevant committees review progress and development of the business, matching the achievements with the stated targets and objectives. The management of the strategic projects supervise implementation of the agreed projects.

Strategy of the company aims to be distinguished in all the insurance businesses of the Motors to be the company preferred by the customers at the kingdom of Saudi Arabia. This will lead to increase the benefits with ensuring a noticeable growth to keep up protection of a balanced insurance portfolio, shared among the various market segments and slides to provide various lines of the insurance. The company keeps to provide its insurance products in transparency, supported with an integrated and comprehensive protection for all the clients and brokers in the insurance market.

Besides; the company keeps to support its financial position by enhancing the solvency margin of the Company in line with the boards and regulations. To be benefited from the technical developments in order to be an effective company in serving its customers in easy and simple ways, so the company started to sell on line through:

- Website of the Insurance house (Ta'amini"-My Insurance)
- Website of the Company
- Application of the Mobile
- The Self-Service System/Device.

9- The Disclosure as per the regulations

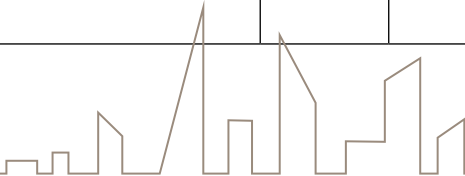
Corporate Governance Regulations:

The Company has updated its Corporate Governance Regulations, which determine the rules and standards that manage performance of the Company. These regulations go along with the regulations issued by SAMA, the regulations issued by the Capital Market Authority and the Companies Law issued by Ministry of Trade and Investment. These regulations has been adopted and be approved by the General Assembly of the Company's shareholders.

What have been/have not been adopted and implemented from the Corporate Governance Regulations, as well as causes & reasons of non-implementation.

The Company admits of implementing all the provisions and terms stated at the Corporate Governance Regulations except for the following:

Item Number	Item Text /Para	Partially Applied	Not Applicable	Reasons & Details
Article (20): Symptoms of independence	(10) that he has spent more than nine separate or consecutive years in the Company's BOD		✓	Guided Article - Non-binding
Article (39): The training	2) Develop the necessary mechanisms for each members of the BOD and Executive Management to get on training programs and courses on a continuous basis to develop their skills and knowledge in the fields relating to activities of the company.	✓		The guided Article is still not binding, in spite of this members of BOD has got a training course in anti-money Laundering, Terrorist Financing and combat of the fraud



Article (41): Assessment	A) The BOD has established, in view of proposal of the Nomination and Remunerations Committee, the mechanisms necessary to evaluate performance of BOD , its members, committees and the executive management annually through the appropriate KPIs, which relates to achievement of the Company's strategic targets, quality of risk management, adequacy of the internal control systems,...etc. As it should determine strengths and weaknesses points and to propose addressing and handling them in light of the company's interests.	✓		It is still a guided item, however performance of BOD , performance of its individuals, committees, and executive managements should be evaluated annually by the Nomination and Remuneration Committee.
	E) The BOD shall adopt the required arrangements to obtain an out-source evaluation regarding its performance every three years.		✓	Guided Article - Non-binding
Article (85): Stimulate of the employees	1\ Forming committees or Holding the workshops concerning with the hearing and listening to the views of the company's workers and discussing them in issues and topics of the important decisions.		✓	Guided Article - Non-binding
	2\ Program of granting shares to the company's employees or parts and shares from the profits gained and earned by the company and the retirement programs, as well as establishing an independent fund for payment costs expenses of these programs.			
	3\ Establishing social entities to staff of the company			
Article (87): The social responsibility /liability	The General Assembly shall, based on suggestion of the BOD , establish a policy of assuring the balance between its own objectives and the objectives which be aspired by the society to be achieved in order to develop the social and economic status of the society.		✓	Guided Article - Non-binding
Article (88): Initiatives of the Social Action	1\ Develop Key Performance Indicators (KPI) that link in between performance of the company in view of its initiatives in the social work, and comparison of that with the other companies that work in the same field.		✓	Guided Article - Non-binding
	2\ Disclose all objectives of the Social Responsibility which are being adopted by the company for the employees, aware and increase their culture them of these objectives.			
	3\ Disclose plans of achievement the social responsibility in the regular reports relating to the company's activities.			
	4\ Implementing programs of the awareness for the society to identify and learn of the company's social responsibility.			



Article (95): Forming the company's compliance committee	Upon formation of Governance Committee by the BOD, It shall be delegated and authorized by the terms by virtue of the Article 94 of this Regulation. The Committee shall follow up all the matters relating to implementations of the governance and provide the BOD , at least annually with the relevant and reached reports and recommendations.		✓	Guided Article - Non-binding
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10- Formation of the Company’s BOD

As per the article (15) of the Articles of Association of the Company, the BOD shall manage and organize the company , the BOD shall be composed of nine members elected by the Ordinary General Assembly for a period not more than three years, Formation of the BOD shall appropriately reflect existing of the independent members. In all the cases, number of the independent at the BOD , should not be less than two members or one/third of the BOD members, whichever is more. In exception of members of the BOD who be nominated for the first time by the General Assembly to manage the company, which should be for a period less three years without exceeding, starting from date of the Establishing decision of the Company by the Ministry of Commerce and Investment

The BOD has been elected for the fourth session, that begins from 6 April 2016 for a period of three years at the Ordinary General Assembly Meeting on 25 Jumada II 1437H (03 April 2016). All the members are non-executive members as majority of them are independent. All the members have been provided with the company’s boards and regulations and the adopted one in the Kingdom of Saudi Arabia. The following members were elected:

N	Name of the Member	Type of the Membership		
		Executive	Non-Executive	Independent
1	Eng. Mubarak Bin Abdullah Al-Khafra		✓	
2	Mr. Mohammed bin Ali Al-Ammari		✓	
3	Dr. Abdulmuhsen bin Mohammad Al-Saleh		✓	
4	Mr. Obaid Bin Abdullah Al-Rasheed			✓
5	Mr. Mohamed Saleh Al-Adel			✓
6	Mr. Mohamed bin Abdulaziz Al-Namla			✓
7	Mr. Fawaz bin Mohamed Al-Fawaz			✓
8	Mr. Tarek bin Othman Al-Abduljabbar			✓
9	Mr. Mohamed bin Suleiman Al-Hejelan		✓	



11- The Main Tasks of The BOD

In view of the governance Regulations issued from the Capital Market Authority and its Articles (Article 21, Article 22 and Article 30), and based on the powers of the General Assembly, the BOD of the Company shall have all the authorities and the powers required to manage and organize affairs of the company. The final responsibility of the Company should be by the Board, even in case of formation the concerned committees or delegated entities or individuals for performing any tasks. The BOD should avoid issuing general or indefinite authorities or delegations. The BOD shall practice and fulfill the following duties and tasks:

- The strategic Management of the Company and implementing the targets and objectives in addition to forming and drafting the strategic plans
- To supervise implementation of the strategic plans, the key operations, and to identify the proper capital structure of the company. The BOD shall supervise the main capital expenditures and ownership of the assets, as they will achieve the timely review of the organizational and functional frames in the company for approval.
- To approve, review and regularly update the key policies and procedures.
- To develop and monitor the internal control system and to ensure its efficiency and effectiveness.
- To develop and supervise the system of the risk management at the company for making the required and sustained assessment, management and monitoring.
- To select and change the executives at the Main Centers (if needed), to ensure having the company an appropriate policy for the recreation and the replacement of the qualified and skilled staff for achieving works and businesses of the company,
- To follow up the senior management and to pay the attention towards performance of the company comparing with the performance objectives which have been assigned and determined by the Board.
- To assure safety and integrity of the reporting system, the financial statements, and the appropriateness of the disclosure mechanism.
- To ensure protection and sustaining interests of the insured along the times.
- To improve standards and the corporate governance as well as the compliance in view of the relevant boards and regulations continuously.
- To strength governance culture at the company and to adopt the highest ethical standards.



12- Members of the BOD and the committees “and qualifications and experience, and the current/previous positions”

	Name	Type of the Membership/ Committee	Experience		Qualifications
			Current Jobs	Previous Jobs	
1	Mubarak Bin Abdullah Al-Khafra	Non-Executive	Chairman of BOD of Malath Cooperative Insurance Co.	Chairman of Eastern Petrochemical Company - (Sharq)	Bachelor of Industrial Engineering, USA
			Chairman of National Industrialization Company (TASNEE)	Chairman of National Co for Glass Industries (Glass)	High Studies Diploma, Canada
		Chairman of BOD	Chairman of Alawwal Bank	Deputy Chairman, Arabian Axles Co., Dammam	
			Chairman of Al-Khafra Holding Group	Member of BOD the Saudi Dar for the Consulting Services	
			Chairman of Tasnee and SAHARA Olefins Company (TASNEE)	Member of BOD , Gulf Organization for Industrial Consulting	
			Chairman of Saudi Polyolefins Company (SPC)	Member of BOD , Arab Industrial Investment Company	
			Chairman of Air Liquide Al Khafrah Industrial Gases (ALKIG)	Member of Al-Shura Council	
			Chairman of Saudi Industrial Development Company: SIDC	* Acting, Undersecretary of Ministry of Industry and Electricity for Industry Affairs.	
			* Member of the BOD , Gulf Company for Chemicals and Industrial Oils	* Director of the Industrial Protection Department - Director of Engineering and Projects Department- General Secretary of Foreign Investment - Chairman of the Foreign Investment Committee, Ministry of Industry and Electricity.	
			* Member and CO-Chairman, U.S.- Saudi Arabian Business Council	* Member of the BOD , Saudi Industrial Development Fund	
				* Member of the BOD , General Organization of Petroleum and Minerals (Petromin)	
				* Member of the BOD , Royal Commission for Jubail and Yanbu	
				* Member of the BOD , Arab Saudi Standards and Metrology, Quality Org.	
				* Member of the BOD , Technical and Vocational Training Corporation	

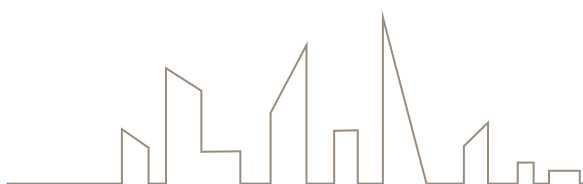


2	Mohamed bin Ali Al-Ammari	Non-Executive	Chairman of BOD of Malath Cooperative Insurance Co.	* Chairman and Managing Director, Tabuk Fishers Company	* Bachelor of Physics and Mathematics - King Saud University
			* Chairman of the BOD, Wajeef Insurance Brokerage Service	* Chairman and Managing Director, Wafrah for Industry & Development Company	* Course in Banking and Management with Chase Manhattan Bank. New York
		Deputy Chairman of the BOD	Member of the BOD , Watan Investment & Real Estate Marketing Company	Deputy Chairman of the BOD , Tabuk Cement Company	
				Member of the BOD , International Insurance Brokerage Co. IIBC	
				Member of the BOD , Jazan Company for Energy and Development	
				Member of the BOD, Saudi ORIX Leasing Company	
		Chairman of Executive Committee		Member of the BOD , Al Baha Investment and Dev. Company SJSC	
		Member of the Risks Committee		Member of BOD , Arab Industrial Investment Company	
		Members of the Nomination & Remuneration		Chairman of Executive Committee for the Insurance brokerage	
				Deputy Chief of the National Committee for Insurance	
				* Member of the National Committee of the Joint Stock Companies	
				General Manager of Wajeef (Insurance Brokerage Services Company)	
				* General Manager, Saudi Real Estate Company	
				• he has entitled many of the positions at Riyadh Bank, Assistant General Manager for Local Banking, Regional Manager of the Eastern Region, and Assistant Regional Manager of the Central Region	
				* Projects Manager, Saudi Industrial Development Fund	
				* Teaching Assistant, Physics Department, King Saud University	



3	Abdulmuhsen bin Mohammad Al-Saleh	Non-Executive	Member of BOD of Malath Cooperative Insurance Co.	* Member of BOD, Packaging Materials Manufacturing Co. (FIPCO)	Bachelor of Business Management & Economy, USA
			Founder and Member of the BOD , FALCOM Financial Services	Chairman of Saudi Industrial Export Company	
		Member of BOD	Chairman and Owner of 9Sourxes) Masader Holding Company	Member of the BOD , Barclays International Bank	
				Member of the BOD , Logistics Services Company	
		Chairman of Nomination & Remuneration Committee		Advisor, SAMBA Bank	
		Member of the Investment Committee		Vice President - Manager of the Private Banking Services Department, City Bank, KSA	
4	Mr. Obaid Bin Abdullah Al-Rasheed	Independent	Member of the BOD of Malath Cooperative Insurance Co.	Member of BOD, Saudi Airlines for Aviation Engineering and Industry	Bachelor of Business Administration, USA
		Member of the BOD	Member of the Audit Committee, NAB		
			* Chairman of the BOD, AL ARABI Heavy Equipment Lease Co. (AHEL)		
			Member of the BOD , Saudi Home Loans		
		Member of the Nomination & Remuneration Committee	Member of the BOD , Saudi Chemical Explosives manufacturing company		
			Member of the BOD , Dr Suliaman Al-Habib Group		
5	Mohammed Saleh Al-Adel	Independent	Member of the BOD of Malath Cooperative Insurance Co.	* Member of BOD, Filling & Packing Materials Mfg.Co. (FIPCO)	Finance Major from King Fahd University of Petroleum and Minerals
				Member of the BOD , Delta Company - a Saudi Joint Stock Company	Master in Business Administration (MBA) Queen's University - Canada
		Member of the BOD		Member of the BOD , Venture Capital Bank, Bahrain	
		Chairman of the Risks Committee		* Project Manager, Public Investment Fund	
		Member of Executive Committee		* Investment Manager, Saudi Technology Development and Investment Company (TAQNIA)	
		Member of the Investment Committee		Head of the Credit Team, Saudi Industrial Development Fund	

6	Mr. Mohamed bin Abdulaziz Al-Namla	Independent	Member of BOD of Malath Cooperative Insurance Co.	Member of the BOD , Iskan Development & Investment	* Bachelor of in Mechanical Engineering Sciences - University of New Haven - Connecticut - USA
			Member of the BOD , Emirates Pipe Insulation Company Limited	Maintenance Engineer, Saudi ARAMCO	
		Member of the BOD	Member of the BOD , Gulf Insulation Group	Projects Engineer, Saudi ARAMCO	
		Chairman of Investment Committee	Member of the BOD , Al-Namlah Holding Group	Managing Director & CEO - Al-Namlah Holding Group	
		Member of the Risks Committee	Member of the BOD , Mescables Company, (General)		
		Chairman of Executive Committee	Managing Director & CEO - Al-Namlah Holding Group		
7	Mr. Fawaz Muhammed Al-Fawaz	Independent	Member of BOD of Malath Cooperative Insurance Co.	He has been entitled many of the Finance & Accounting positions in SABIC Marketing Company followed by (SABIC) since 1983, up to his reaching to Vice-President for Finance., SABIC Head of fice	Bachelor of Finance & accounting, King Saud university * he has attended many of the specialized courses in many of the international centers included the advanced management, leadership, financial strategy, common services, credit and risk management, international treasury management, financial control and the corporate governance.
			* Chairman of the BOD, Saudi Shipping Co. Ltd.	Vice Chairman and Chairman of the Audit Committee, Yanbu National Petrochemical Company (YANSAB)	
		Member of the BOD	Member of the BOD , Head of The Audit Committee The CMA	Member of the BOD , Aluminum Bahrain (Alba)	
			Chairman of SAHARA PETROCHEMICALS EXCLUSIVE Company (TASNEE)	* Member of the Instructing and Training Committee, in the Saudi Organization for Certified Public Accountants	
			Member of the BOD , Head of The Audit Committee The CMA	Member of the Consulting Committee, The CMA	
		Chairman of Audit Committee	Deputy of CFO, National Industrial Company (Tasnea)	Membership number of SABIC L.L. companies (I.e. Ibn Al Bitar Petrochemical Company, United Company, SABIC Research and Development Center, India, SABIC Capital, Netherlands)	



8	Mr. Tarek bin Othman Al-Abduljabbar	Independent	Member of BOD of Malath Cooperative Insurance Co.	Assistant Chairman, Abdurahaman Al-Rashed Company	Master of the Mechanic Engineering, USA
			Member of the BOD , Saudi Advanced Industries Company	* Assistant President in-charge of projects and Assistant President of Airports, Civil Aviation Authority	
		Member of the BOD	Executive Partner, Comprehensive Health-Care Company	* CEO, Construction Project Management Company	
			* Managing Director, Top Technical Company.	* Chief Engineer, National Guard Health Affairs.	
		Member of Executive Committee	* Member of the American Society of Mechanical Engineers		
		Member of the Nomination and Remuneration Committee.	* Member of the Saudi Council of Engineers.		
			* Member, American Society of Health-Care Engineering * Member, American Solar Society		
9	Mr. Mohamed bin Suliaman Al-Hejelan	Non-Executive	Member of BOD of Malath Cooperative Insurance Co.	Member of the BOD , The Saudi Credit Bureau (SIMAH)	Bachelor of Economy, USA
		Member of the BOD	Member of the BOD , Chairman of the Risk and Credit Committee and Chairman of Executive Committee of Al Yousr Leasing Company	Member of the BOD , In Emirates NBD Capital Saudi Arabia	
		Member of Executive Committee	Member of the Risks Committee - Al Bilad Bank	Member of the Audit Committee, Member of the Risk Committee, In Emirates NBD Capital Saudi Arabia	
10	Abdulaziz Sulaiman Al-Atiki	Independent Member, at the Audit Committee, Out-Source	* Member of Audit Committee, Packaging Materials Manufacturing Co. (FIPCO)	* At Field of the legal review and consultancy	* Bachelor degree in Accounting - King Saud University, Riyadh, Saudi Arabia.
			* Member of the Audit Committee, Astra Industrial Company	* Capital Market Authority (2009 - 2013)	* SOCPA Fellowship (Saudi Organization for Certified Public Accountants)
				* He worked at Saudi Arabia Basic Industries Corporation (SABIC) for more than 15 years and supervised the Investors Relations and Equity Department at SABIC during period of 2004-2009.	



11	Mr. Saleh Abdurahaman Ismael	Independent Member Audit Committee, Out-Source	Member of the Audit Committee, NAB	* Member of the BOD and Chairman of the Audit Committee, at Sanad Insurance and Reinsurance Company.	MBA, USA
				* Member of the Audit Committee at TABADOL “Exchange” Company (not included)	Bachelor of Management Major of two branches of the “Accounting”
				Member of the Audit Committee, Saudi Fransi Capital	
				Member of Committee of Making Standards of the Audit, SOCPA	
				Head of the Audit Committee, Chemical Industries Development Company	
				Member of the Audit Committee, Salek for Transportation & Cargo	
				Member of the Audit Committee, Arabian Cement Company	
				Member of the Audit Committee, Ahsa Development Co.	
				Member of the Audit Committee, Saudi Railway Company SAR	
				* Member of Committee of Investigating Investment Violations, the General Authority for Investment.	
				Member of BOD, Gulf Accounting Organization	
				* Managing Director, Food Marketing Company	
				* Chairman, High Technology Company for Computer Systems	
				* Member of the BOD , Saudi Accounting Association	
				* General Manager of Finance and Administration (Minister Plenipotentiary), General Secretariat of the Gulf Cooperation Council	
				* Member of the Council of the General Secretariat of the Cooperation Council, Chairman of Board of the Council of the Cooperation Council Club.	
				• he has been entitled in several positions, starting from accountant Position, director of financial & Personal Affairs, then he became involved in teaching a number of Subjects and materials in addition to supervising the specialized training research, at the Institute of Public Administration.	

13- Executive Management

The executive management of the company consists of a distinguished group of the qualified and experienced individuals in field of insurance, they are as follows:



	Name	Current Jobs	Previous Jobs	Qualifications	Experience
1	Mr. Fawaz bin Abdurahaman Al-Haji	CEO	Deputy Executive Chairman- Motor Insurance, Malath Company Deputy Executive Chairman- Motor Insurance, Al-Tawnya Company	MBA - University of St. Gallen	Experience of 20 years in Insurance Field
2	Rami Omer Al-Hushan	Senior EVP - Marketing & Sales	Manager of The Key Accounts	Master in Business Administration- PSU	Experience more than 16years in Insurance - marketing & Key Accounting
3	Mr. Tarek Saleh Al-Ghamdi	Senior EVP - Property and Causality	Executive Director, Relations of the Brokers	Insurance Diploma, Institute of Public Administration	Experience of 25 years in Insurance Field
4	Mr. Ammar Fawaz Al-Sairafi	CFO	* Business Consultant / Chief Auditor - Ernst & Young * Deputy Chief Financial of ficer - Kony & Nagel * CFO - Gulf General Cooperative Insurance Company	Bachelor of Accounting, Umm Al Qura University	Experience in insurance and Financial Management
5	Ahmed Bassam Al-Hariri	Chief Health and Group life Insurance Officer	* Head of Research and Development Department	MBA of the Executive Actions - London	More than 16 years' experience in health-care insurance
6	Mr. Khaled Mustafa Aref	General Manager - IT	* Head of Group - Systems Analysis	BA in Accounting from Alexandria University	Twenty-seven years' experience in IT

14- Names of companies in/out the Kingdom of which the board member is a member of its current/former Boards of Directors or its one of its Managers

We accordingly, attach a statement to the following table in names members of the BOD who are associated with managements of other companies:

Name of the member	Current				Previous			
	Names of the companies in which one of the BOD members is also member of any of those companies currently or one of its Managers	In/out of the Kingdom of Saudi Arabia	The legal entity for the Company	The relation	Names of the companies in which one of the BOD members is also member of any of those companies previously or one of its Managers	In/out of the Kingdom of Saudi Arabia	The legal entity for the Company	The relation



1	Mr. Mubarak Bin Abdullah Al-Khafra	National Industrialization Company (TASNEE)	Inside the Kingdom	Joint stock Co. / Listed	Chairman of BOD	Eastern Petrochemical Company (East)	Inside the Kingdom	Joint stock Co. / Not Listed	Chairman of BOD
		Al-Khafra Group	Inside the Kingdom	Joint stock Co. /Not Listed	Chairman of BOD	National Co for Glass Industries (Glass)	Inside the Kingdom	Joint stock Co. / Listed	Chairman of BOD
		Al-Awwal bank	Inside the Kingdom	Joint stock Co. / Listed	Chairman of BOD	The Arab Company for Axes manufacture- Dammam	Inside the Kingdom	Limited liability	Deputy Chairman of the BOD
		Sahara Petrochemicals Exclusive Company (tasnee)	Inside the Kingdom	Closed / Joint stock	Chairman of BOD	Saudi House for Consulting Services	Inside the Kingdom	Joint stock Co. /Not Listed	Member of the BOD
		Saudi Polyolefins Company (SPC)	Inside the Kingdom	Limited liability	Chairman of BOD	Gulf Organization for Industrial Consulting	Inside the Kingdom	Joint stock Co. /Not Listed	Member of the BOD
		Company of Air Liquide Al Khafrah Industrial Gases (ALKIG)	Inside the Kingdom	Joint stock Co. /Not Listed	Chairman of BOD	Arab Industrial Investment Company	Inside the Kingdom	Joint stock Co. /Not Listed	Member of the BOD
		Saudi Industrial Development Company: SIDC	Inside the Kingdom	Joint stock Co. /Not Listed	Chairman of BOD				
		Gulf Chemicals And Industrial Oils Company.	Inside the Kingdom	Joint stock Co. /Not Listed	Member of the BOD				
2	Mohamed bin Ali Al-Ammari	Watan Investment & Real Estate Marketing Company	Inside the Kingdom	Closed / Joint Stock Co.	Member of the BOD	Tabuk Fisheries Company	Inside the Kingdom	Closed / Joint Stock Co.	Chairman of BOD & The managing Director
		Wajeef Insurance Brokerage Services Company	Inside the Kingdom	Closed / Joint Stock Co.	Chairman of BOD	Wafrah for Industry & Development Company	Inside the Kingdom	Joint stock Co. / Listed	Chairman of BOD & The managing Director
						Tabuk Cement Company	Inside the Kingdom	Joint stock Co. / Listed	Deputy Chairman of the BOD
						International Insurance Company	Inside the Kingdom	Joint stock Co. / Listed	Member of the BOD
						Jazan Company for Energy and Development	Inside the Kingdom	Joint stock Co. / Listed	Member of the BOD
						Saudi ORIX Leasing Company	Inside the Kingdom	Closed / Joint Stock Co.	Member of the BOD
						Al Baha Investment and Dev. Company SJSC	Inside the Kingdom	Joint stock Co. / Listed	Member of the BOD
						Saudi Industrial Export Company	Inside the Kingdom	Joint stock Co. / Listed	Member of the BOD



3	Abdulmuhsen bin Mohammad Al-Saleh	FALCOM Financial Services	Inside the Kingdom	Non-Joint stock Co.	Founder and Board Member	Packaging Materials Manufacturing Co. (FIPCO)	Inside the Kingdom	Non-Joint stock Co.	Chairman of BOD
		Masader Holding Company	Inside the Kingdom	Non-Joint stock Co.	Chairman of BOD	Saudi Industrial Export Company	Inside the Kingdom	Joint stock Co. / Listed	Chairman of BOD
						Barclays Saudi Bank	Inside the Kingdom	Non-Joint stock Co.	Member of the BOD
						Logistics Services Company	Inside the Kingdom	Non-Joint stock Co.	Member of the BOD
						SAMBA Bank	Inside the Kingdom	Joint stock Co. / Listed	adviser
						City Bank, KSA	Inside the Kingdom	Non-Joint stock Co.	Vice President - Manager of the Private Banking Services Department,

4	Mr. Obaid Bin Abdullah Al-Rasheed	Arab National Bank	Inside the Kingdom	Joint stock Co. / Listed	Deputy CEO, and member in several Committees	Saudi Airlines for Aviation Engineering and Industry	Inside the Kingdom	Non-Joint stock Co.	Member of the BOD
		Saudi Chemical Company	Inside the Kingdom	Joint stock Co. / Listed	Member of the BOD				
		Al-Arabi Heavy Equipment Lease Company (AHEL)	Inside the Kingdom	Joint stock Co. /Not Listed	Member of the BOD				
		Saudi Home Loans (SHL)	Inside the Kingdom	Joint stock Co. /Not Listed	Member of the BOD				
		Dr. Sulaiman Al Habib Medical Group	Inside the Kingdom	Non-Joint stock Co.	Member of the BOD				

5	Mohammed Saleh Al-Adel					Packaging Materials Manufacturing Co. (FIPCO)	Inside the Kingdom	Closed / Joint Stock Co.	Member of BOD
						Delta Company	Inside the Kingdom	Closed / Joint Stock Co.	Member of BOD
						Venture Capital Bank - Bahrain	Out of the Kingdom	Joint Stock Co. / outside the Saudi stock market	Member of BOD



						Saudi Company for Development and Technical Investment (Technia)	Inside the Kingdom	Closed / Joint Stock Co.	Manager of Investment
						Iskan Development & Investment	Inside the Kingdom	Non-Joint stock Co / Closed	Member of BOD

6	Mr. Mohamed bin Abdulaziz Al-Namla	Emirates Pipe Insulation Co., Ltd.	Out of the Kingdom	Closed / Joint Stock Co.	Member of BOD	Packaging Materials Manufacturing Co. (FIPCO)	Inside the Kingdom	Closed / Joint Stock Co.	Member of BOD
		Gulf Isolation Group company	Inside the Kingdom	Closed / Joint Stock Co.	Member of BOD				
		Middle East Specialized Cables (MESK)	Inside the Kingdom	Joint stock Co. / Listed	Member of BOD				
		Abdulaziz Mohammed Al Namla Holding Company	Inside the Kingdom	Joint stock Co. /Not Listed	Member of BOD				

7	Mr. Fawaz Muhammed Al-Fawaz	Saudi Cargo	Inside the Kingdom	Limited liability	Chairman of BOD	Yanbu National Petrochemical Company (YANSAB)	Inside the Kingdom	Joint stock Co. / Listed	Deputy Chairman of the BOD, Head of the Audit Committee
		The Industrialization & Energy Services Company (TAQA)	Inside the Kingdom	Closed Joint stock Co. /Not Listed	Member of the BOD, Head of the Audit Committee	Aluminum Bahrain (Alba)	Out of the Kingdom	Joint stock Co. / outside the Saudi stock market	Member of BOD
		Manufacturing and Sahara Company for Olefin	Inside the Kingdom	Closed Joint stock Co. / Not Listed	Member of BOD	Number of Limited Liability Companies followed by SABIC (I.e. Ibn Al Bitar Petrochemical Company, United Company,	Inside the Kingdom	Limited liability	Member of BOD
		Ruwa Al Madina Holding Company	Inside the Kingdom	Closed Joint stock Co. / Not Listed	Member of the BOD, Head of the Audit Committee	SABIC Research and Development Center, India,	Out of the Kingdom	Limited liability	Member of BOD



		National Industrialization Company (TASNEE)	Inside the Kingdom	Joint stock Co. / Listed	Deputy Executive Chairman	SABIC Capital, Netherlands)	Out of the Kingdom	Limited liability	Member of BOD
						SABIC	Inside the Kingdom	Joint stock Co. / Listed	Deputy Executive Chairman

8	Mr. Tarek bin Othman Al-Abduljabbar	Saudi Advanced Industries Company	Inside the Kingdom	Non-Joint stock Co.	Member of the BOD	National Guard Health Affairs.	Inside the Kingdom	Non-Joint stock Co.	Chief Engineer
		Comprehensive Health-Care Company	Inside the Kingdom	Non-Joint stock Co.	Executive Partner,	Civil Aviation Authority	Inside the Kingdom	Non-Joint stock Co.	Assistant President in-charge of projects and Assistant President of Airports,
		Top Technical Company	Inside the Kingdom	Non-Joint stock Co.	Managing Director				
		American Society of Mechanic Engineers	Out of the Kingdom	Non-Joint stock Co.	Member				
		the Saudi Council of Engineers	Inside the Kingdom	Non-Joint stock Co.	Member				
		* Member, American Society of Health-Care Engineering	Out of the Kingdom	Non-Joint stock Co.	Member				
		International Solar Energy Society	Out of the Kingdom	Non-Joint stock Co.	Member				

9	Mr. Mohamed bin Suliaman alHejelan	Al Yousr Leasing Company	Inside the Kingdom	Non-Joint stock Co.	Member of the BOD , Chairman of the Risk and Credit Committee and Chairman of Executive Committee	The Saudi Credit Bureau (SIMAH)	Inside the Kingdom	Limited liability	Member of the BOD
		Al Bilad Bank	Inside the Kingdom	Joint stock Co. / Listed	Member of the Risks Committee	Emirates NBD Capital Saudi Arabia	Inside the Kingdom	Non-Joint stock Co.	Chairman of BOD, and member of the Audit & Risks Committee



15- The procedures taken by the BOD for advising the members - specially the non-Executives – in respect of proposals and suggestions of the shareholders and their remarks towards the Company and its performance

- The company will provide all the required data, that enable the shareholders to practice their rights properly and on the best way, , Without any distinction or differentiation among any of them and to be equally and on time, the company for achieving that shall use the most active procedures in contacting the shareholders.
- The company will answer all of the shareholders' inquiries and explanations in a suitable way and without exposing interests of the company to any harm or damage.
- The BOD will commit of an active contacting method between the company and the shareholders based on a notable understanding and the mutual targets and objectives of the company.
- Both of The chairman and the CEO shall work rightly for advising rest of the BOD members of opinions and views of the shareholders and discussing these views or opinions with the shareholders
- The BOD shall not receive any proposals or requests from the shareholders out of the discussion topic or other than the scheduled ones during holding the General assembly of the shareholders, which has been held during the year of 2018
- Any proposals or suggestions by the shareholders shall be received through this email "Investor.relation@malath.com.sa".

16- Meetings of the BOD

The BOD held 7 meetings during 2018, as per what has been recorded in the visitors register as hereunder mentioned:

	Name	The current Session						
		First	Second	Third	Fourth	Fifth	Sixth	Seventh
		20-02-18	26-04-18	27-05-18	06-06-18	17-09-18	07-11-18	19-12-18
1	Mubarak Bin Abdullah Al-Khafra	✓	✓	✓	✓	✓	✓	✓
2	Mohammed bin Ali Al-Ammari	✓	×	✓	✓	✓	✓	✓
3	Abdulmuhsen bin Mohammad Al-Saleh	✓	×	✓	✓	✓	✓	✓
4	Obaid Abdullah Al-Rashid	✓	✓	✓	✓	✓	✓	✓
5	Mohammed Saleh Al-Adel	✓	✓	×	×	✓	×	✓
6	Mohammad bin Abdulaziz Al-Namla	✓	×	✓	✓	✓	✓	✓
7	Fawaz bin Muhammed Al-Fawaz	✓	✓	✓	✓	✓	×	✓
8	Mr. Tarek bin Othman Al-Abduljabbar	✓	✓	×	✓	✓	✓	✓
9	Mohamed bin Suliaman alHejelan	✓	✓	✓	✓	✓	✓	✓



Formation Committees of the Board

17- Audit Committee

The audit committee will concern of the internal works of the company, as it will be the responsible for the review and audit all the records and documents of the company and asking any explanation they need from any of the BOD members or Executive Committee, it has the right as well, to ask the BOD to call for holding General Assembly, if the BOD has opposed or obstacle any of its works or facing the company any of huge losses or harms

- Supervise and follow up the Internal audit department to be sure of its activity and achieving the relevant task and missions determined by the BOD
- Review procedures of the Internal Audit Department and prepare written reports in respect of their any and submit the recommendations in this regard to the BOD
- Review and oversight plans of the auditing presented by the In/Out auditors and giving any remarks or opinions about these offered plans
- Studying reports of internal control, the system of regular control and conducting the written reports about its opinion and recommendations in this regard.
- Studying the reports of internal audit, regular oversight and following up implementation of the corrective measures of the observations contained therein.
- Studying the auditor's reports or observations and dispatching reports of the same to the BOD.
- Review reports of SAMA and the supervising entities and the relevant authorities in respect of any faults or committed mistakes and studying the corrective and required procedures and making reports of these comments to the BOD
- Examine the annual financial statements before sending them to the BOD with giving the opinion and recommendation thereon.
- Discuss the annual audited finance statement and the quarter statement with the outsource auditors and the Senior management at the company in prior of the publication
- Assess and evaluate the qualification, efficiency, activation and methodology of the outsource auditors as well as the regular control
- Assuredness the availability of a special written board concerned with the professional conducts of ethics and to be approved by the BOD of the Company to sustain achieving activities of the company in a fair and moral way
- The Audit committee will meet with the BOD and to submit its reports regularly



The Audit Committee has held (7) meetings during the year of 2018 to carry out the tasks mentioned above as recorded in the attendance register hereunder:

			Number of the meetings (7) Meetings						
	Name	Classification of the membership	First	Second	Third	Fourth	Fifth	Sixth	Seventh
			23-01-18	19-02-18	13-03-18	23-04-18	23-07-18	25-10-18	11-12-18
1	Fawaz bin Muhammed Al-Fawaz	Head of the Committee, Member of the BOD	✓	✓	✓	✓	✓	✓	✓
2	Abdulaziz bin Suleiman Al-Atiqi	Independent Member	✓	✓	×	✓	✓	✓	✓
3	Saleh bin Abdurahaman Al-Ismael	Independent Member	✓	✓	✓	✓	✓	✓	✓

18- Executive Committee

Tasks of Executive Committee are as follows:

- Making and submitting the recommendations to the BOD concerning the strategic & operational plans, the budgets, plans of actions and all the concerned matters.
- Making the required decisions about the topics transferred to the committee by the BOD, which are out of the CEO authorities and validities , including topics of the expend itures and the financial matters, the purchases within the limits given by the BOD to Executive committee
- Practicing and conducting the full powers and privileges of the BOD , if no meetings, in view of the need for taking rapid action or decision, except for the cases in which the committee has no right to give such decisions or in case which no permission in transferring the powers and validities as per the adopted procedures in which approval of the shareholder is needed or in case of any other committee is in charge of it
- Review the company’s strategy and make recommendations to the BOD for adaptation.
- Review details of the Company business plans, budget, progress of the business regularly
- Supervise activities and actions of the CEO
- Support and enhance the CEO in case of the need to some specified needs or tasks.
- Review and supervise cases of the alliances, mergers, acquisitions and the other strategic agreements, and making the relevant recommendations for the BOD for approval.
- Take any the required action or assume any other powers that may be assigned to the Committee or to be authorized by the BOD from time to time.



The Executive Committee consists of:

Executive Committee has held (8) meeting along with 2018, to conduct and achieve its tasks and duties as they have been mentioned in the attendance register as follows:

			Number of the meetings (8) Meetings							
	Name	Classification of the membership	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Third
			13-02-18	12-04-18	21-05-18	13-09-18	17-10-18	25-11-18	10-12-18	13-12-18
1	Mohammed Al-Ammari	Head of the Committee	✓	✓	✓	✓	✓	✓	✓	✓
2	Tarek Al-Abduljabbar	Member	✓	✓	✓	✓	✓	✓	✓	✓
3	Mohammad Al-Namla	Member	✓	✓	✓	✓	✓	✓	✓	✓
4	Mohamed Al-Hejelan	Member	✓	✓	✓	✓	✓	✓	✓	✓
5	Mohamed Al-Adel	Member	×	×	×	×	×	×	×	×

19- Committee of Risks Management

It includes tasks of the Risks & Underwriting Committee: its duties are as follows:

- Identify the risks which the Company may face in keeping on an acceptable level of the risk to the Company.
- Determine to the standards of the company’s apatite to accept the risks, and making the required recommendations to the BOD in this regard
- Determine a comprehensive strategy in purpose of managing the risks of the company, supervise that making the required yearly review and audit, and updating this continuously. Taking into consideration the in/out developments and changes for the company and using for the best world applications.
- Sustain providing the resources and the systems which are sufficient for the risk management
- Review and check out the organizational chart of the Risk Management and taking the required recommendations to be approved by the BOD
- Review all concerns of the Audit Committee, which may impact the department of the Risk Management
- Review chart and strategy of assigning the Reinsurance agreements and to be based on a regular and a circular base
- Review policies, regulations and boards of the underwriting in the company
- Assess and evaluate performance of the underwriting at the company
- Supervene system of the risk management and evaluating its effectiveness.



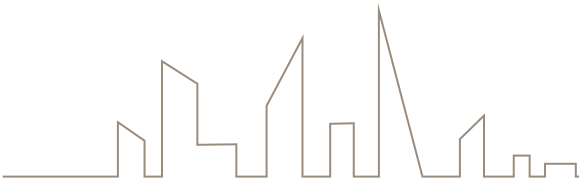
The Risk Committee consists of

			Number of the meetings (2) Meetings	
	Name	Nature of the membership	First	Second
			02-05-18	04-06-18
1	Mohammed Saleh Al-Adel	Head of the Committee	✓	✓
2	Mohammed bin Ali Al-Ammari	Member	×	✓
3	Mohammad bin Abdulaziz Al-Namla	Member	✓	✓

20- Committee of the Nomination and Remunerations

It includes tasks of the Nomination and Remunerations Committee: its duties are as follows:

- The recommendation to the BOD of the nominating to the BOD Membership and the relevant committees as per the regular requirements , policies and the adopted standards The committee should take care of nominating a pre-accused person in any of the honor crimes
- Make prescription and the job description, qualifications required for membership of the BOD , in addition to determine the required time should be saved by the member to the BOD and its relevant committees
- Input the required procedures in case of occupying a job in the BOD or in place of one of the senior Executives
- Review all the required and necessary needs of the proper skills for the Member of BOD in accordance with interest of the company
- Develop succession’s policies and procedures of BOD and its committees
- Review chart and components of the BOD, determine its committees, referring to points of weakness and propose the procedures for handling these points of weakness in a regular way, making the job description for the executive as well as for the non-executive jobs and the senior executives
- Evaluate and supervise independency of the BOD members, its committees on a yearly base , and be sure of non-conflicting the business in case the member has a job in another company
- Impose a clear policies for rewarding and remunerating the members of the BOD, the committees, CEO and member of the high department in view of their performance and achieving the strategic targets and objectives of the company and the amended benefits of the employees (as it has been determined by the General Assembly)
- Confirm and assure of making an annual review for the yearly compensation plans far from the executive department
- Offering the final recommendations for the BOD , about appointment or release members of the high department



and/or promotion any of them as per principles margin of solvency of SAMA

- Providing the final recommendations to the BOD in respect of releasing the members of the BOD
- Evaluate committee of the nomination and remunerations in case of evaluating members of the BOD in a full way and all of its committees at least on an annual way.
- Supervise the induction program and the regular training for members of the Board.

Committee of the Nomination and Remunerations

			Number of the meetings (5) Meetings				
	Name	Classification of the membership	First	Second	Third	Fourth	Fifth
			12-02-18	04-03-18	04-06-18	12-09-18	13-12-18
1	Abdulmuhsen Al-Saleh	Head of the Committee	×	✓	✓	✓	✓
2	Mohammed Al-Ammari	Member	✓	✓	✓	✓	✓
3	Tarek Al-Abduljabbar	Member	✓	✓	✓	✓	✓
4	Obaid Al-Rashid	Member	✓	✓	✓	✓	✓

21- Investment Committee

It includes tasks of the Investment Committee: its duties are as follows:

- Assure that the investment policy has been based in accordance with the comprehensive working plan the company and its regular principals
- The committee holds at least 4 meetings annually
- Decisions and recommendations of the committee issued in majority of the attendants votes of the committee's members
- Minutes of meetings of the committees shall be archived in records of the committees which have been prepared for that particularly
- A secretary for the committee should be assigned from one of the members any one from the company's employees
- Getting on approval of the BOD on the investment policy
- Review and wording the investment strategy on a quarterly base, taking into consideration the changes and the variables at the requests of the business and condition of the market.
- Assign and evaluate performance of the investment managers and the investment funds
- Making the recommendations to the BOD in respect of assigning and releasing the investment advisors
- A sign subsidiary committee to be chosen with / or by the management team to carry out decision of the investment committee if needed
- Issuing decision of implementation the strategy for each slide/level of the investment portfolios, and



to be managed and organized locally or by outsource managers through independent / separated authorizations or via the investment funds

- Assign Managers of the Investment, assessing their performance, terminating their tasks and duties and determine their fees and remunerations
- Review the decisions taken by the management team and the investment advisor (s).
- Submitting the reports to the BOD about performance of the investment of the company in view of the risk, revenues of the investment, the allocations and about any relevant key progress

The Investment Committee consists of

			Number of the meetings (6) Meetings					
	Name	Classification of the membership	First	Second	Third	Fourth	Fifth	Sixth
			20-02-18	17-04-18	14-05-18	06-06-18	13-09-18	05-11-18
1	Mohammad Al-Namla	Head of the Committee	✓	✓	×	✓	✓	✓
2	Abdulmuhsen Al-Saleh	Member	✓	×	✓	✓	✓	✓
3	Mohamed Al-Adel	Member	✓	✓	✓	×	✓	×

22- Rewards members of BOD, and rewards of the Committees’ Members

- Policy of rewarding members of BOD & the Committees

In accordance to the item nineteenth of the Articles of Association and Article twenty five of the Company of the Company’s Corporate Governance Regulations, the remuneration of directors are as follows:

- The minimum limit of the rewards and remunerations for the chairman and members of the BOD is an amount of SR 200,000 (Two hundred thousand Saudi Riyals. as the maximum amount is SR 500,000.00 (five hundred thousand Saudi Riyals against their membership at the BOD and their participating in its works and tasks , these amounts shall include the additional rewards in case participating the member in any of the committees emerged by the BOD
- In case the company has achieved the profits, it may be distribute and share a portion of 10% from rest of the net profit after deducting the reserve , which has been decided by the General Assembly in accordance with rules and the insurance supervision in respect of supervising the cooperative insurance companies, and after sharing a profit for the shareholders not less than 5% from the paid capital, as this profit should be in parallel with number of the sessions that be attended by the member , any action or contrary assessment shall be null and void.
- In all the cases total of amount or tangible rewards or any others benefits, what the member of the BOD takes and gains, should not be more than SR 500,000.00
- The highest limit of the allowances for attending the sessions of the BOD and its committees is SR



5000 (Five thousand Saudi Riyal as a whole, including allowances of the travel and accommodation)

- Each member of the BOD including the chairman shall refund any payments, they have actually paid for attending the meetings, or attending meeting of any of the committees composed by the BOD , including costs and charges of the travel and accommodations.

- Members of the Committees:

Members of the Audit committee, whatever they are members of the BOD or out of the BOD , shall be rewarded as follows:

- Amount of SR 100,000.00 against the member's tasks at his relevant Committee
- An amount of SR 3,000.00 per each meeting by the committee
- Mmembers of the committee shall have the right to be compensated for any expenses or charges they pay for attending the meetings and for performing their tasks and duties as members of the committee

Next Table declares the allowances which shall be deserved for the BOD and all the rewards and allowances gained by members of the committees during the year of 2018.



Rewards members of BOD																
Member of BOD	Fixed Rewards								Variable Rewards							
	A determined amount	Allowance of Sessions Attendance	Total of the Sessions Attendance	Tangible Benefits	Rewards of the Technical, Administrative and Investment actions	Rewards chairman of the Board , the Managing Director or the secretary of the Board if they are among members of the Board	Total	Percentage at the profits	Regular Rewards	Short - Term incentive plans	Short - Term incentive plans	The granted share (The value should be added)	Total	Rewards of the indemnity	total amount	Expenses Allowance
First : Independent Members																
1	Obaid Al-Rashid	-	21,000	15,000	-	-	-	36,000	-	-	-	-	-	-	-	-
2	Mohamed Al-Adel	-	12,000	18,000	-	-	-	30,000	-	-	-	-	-	-	-	-
3	Mohammad Al-Namla	-	18,000	45,000	-	-	-	63,000	-	-	-	-	-	-	-	-
4	Fawaz Muhammad Al-Fawaz	100,000	18,000	21,000	-	-	-	139,000	-	-	-	-	-	-	-	-
5	Tarek Al-Abduljabbar	-	18,000	39,000	-	-	-	75,000	-	-	-	-	-	-	-	-
	Total	100,000	87,000	138,000	-	-	-	325,000	-	-	-	-	-	-	-	-
Second: non-Executive members																
1	Eng. Mubarak Al-Khafra	-	21,000	-	-	-	-	21,000	-	-	-	-	-	-	-	-
2	Mohammed Al-Ammari	-	18,000	42,000	-	-	-	60,000	-	-	-	-	-	-	-	-
3	Abdulmuhsen Al-Saleh	-	18,000	27,000	-	-	-	45,000	-	-	-	-	-	-	-	-
4	Mohamed Al-Hejelan	-	21,000	24,000	-	-	-	45,000	-	-	-	-	-	-	-	-
	Total	-	78,000	93,000	-	-	-	171,000	-	-	-	-	-	-	-	-
Third: The Independent Members at the Audit Committee, Out-Source																
1	Abdulaziz Suleiman Al-Atiki	100,000		-	18,000	-	-	118,000	-	-	-	-	-	-	-	-
2	Saleh Ismael	100,000		-	21,000	-	-	121,000	-	-	-	-	-	-	-	-
	Total	200,000		-	39,000	-	-	239,000	-	-	-	-	-	-	-	-



Rewards Members of the Committee				
Member		The Fixed Rewards (Except for Allowance of the Sessions Attendance)	Allowance of the Sessions Attendance	Total
Members of Executive Committee				
1	Mohammed bin Ali Al-Ammari	-	24,000	24,000
2	Mr. Tarek bin Othman Al-Abduljabbar	-	24,000	24,000
3	Mr. Mohamed bin Abdulaziz Al-Namla	-	24,000	24,000
4	Mohamed bin Suliaman alHejelan	-	24,000	24,000
5	Mohammed Saleh Al-Adel	-	-	-
Total		-	96,000	96,000
Members of the Audit Committee				
1	Fawaz bin Muhammed Al-Fawaz	100,000	21,000	121,000
2	Abdulaziz bin Suleiman Al-Atiqi	100,000	18,000	118,000
3	Saleh bin Abdurahaman Al-Ismael	100,000	21,000	121,000
Total		300,000	60,000	360,000
Members of the Nomination & Remuneration				
1	Abdulmuhsen bin Mohammad Al-Saleh	-	12,000	12,000
2	Mohammed bin Ali Al-Ammari	-	15,000	15,000
3	Mr. Tarek bin Othman Al-Abduljabbar	-	15,000	15,000
4	Mr. Obaid Bin Abdullah Al-Rasheed	-	15,000	15,000
Total		-	57,000	57,000
Members of the Risks Committee				
1	Mohammed Saleh Al-Adel	-	6,000	6,000
2	Mohammed bin Ali Al-Ammari	-	3,000	3,000
3	Mr. Mohamed bin Abdulaziz Al-Namla	-	6,000	6,000
Total		-	15,000	15,000
Members of the Investment Committee				
1	Mr. Mohamed bin Abdulaziz Al-Namla	-	15,000	15,000
2	Abdulmuhsen bin Mohammad Al-Saleh	-	15,000	15,000
3	Mohammed Saleh Al-Adel	-	12,000	12,000
Total		-	42,000	42,000



*The annual regular rewards of the BOD, is SR 200,000, in accordance with portion of his attendances the meetings of the Board, this should be approved by the General Assembly

*If member of the BOD , is one of the Audit Committee members he shall be included as well, rewards of the audit committee in amount of SR 100,000 and reward of the BOD of SR 200,000 as a maximum limit in view of opinion of his attendance the meetings.

*An amount of 1,800,000.00 has been allocated and approved as a reward for the members of the BOD against year of 2017after approval of the temporary meeting of the General Assembly, which has been held on 23 may, 2018



23- Rewards and charges of The Executive committee

- A The BOD shall determine in his appointment decision rewards and charges of the CEO, as it should be written in the conducted contract.
- B Rewards and charges of the Executive Managers shall be based in view of the internal policies and procedures of the company, as the position degree granted to him shall be determined as well, in view of the job degree granted to member of the executive department, except for the manager of the internal audit and verification, manager of the compliance department, their rewards and charges shall be determined from the BOD based on proposal and suggestion of the Audit committee
- C The rewards and charges of the executive department should be in portion and matching with the tasks, qualifications, the practical experiences, skills and level of the performance.
- D The company must, upon realizing that member of the executive department has presented unreal facts, or any fake or misleading information, to utilize his job position and to get on undue amounts, to stop and cease all of his rewards and dues. As the company has the right to refund any dues un-reserved, he got and paid for him, as well as to ask assistance of the concerned authorities for this.
- E The committee of nomination and remunerations should revise rewards and charges of the executive department on a regular bases to have its efficiency and to ensure and that they are reasonably adequate to attract, retain the competent and experienced people and to encourage them to develop the company on the long term.
- F The nomination and remuneration committee should care of performance of the executive Department members, as it should be in relation to the related criteria, such as whether the bonus or remuneration, is relevant to the performance, this should be in respect of the annual bonus against their performance towards the regarding responsibilities and objectives.

Rewards of the Senior Executives							
Rewards of the Senior Executives including the CEO and CFO	Fixed Rewards				Variable Rewards		total amount
	Salaries	Allowances	Tangible Benefits	Total	Regular & Annual Rewards	Short - Term incentive plans	
	4,252,080	1,686,228	Health care insurance for the employee and his dependents, insurance for the death cases and the personal accidents as per the company's boards and regulations	5,938,308	678,680	-	6,616,988



24- Results of the annual audit for procedures of the internal audit & control , as well as opinion of the Audit committee in efficiency of the internal audit and control system of the company

Objectives and duties of the main committee represent the following:

- Implement and achieve system of the company's internal control, which be used by the in/outsourse auditors as well as in auditing the annual and quarter financial statements
 - Follow up performance of the auditors by the general Assembly of the company and be sure of its independence
 - Follow up and supervise performance of the compliance department and be sure of its independence
 - To be assure of commitment the company in implementing the boards and regulations, which has been issued from the supervisory entities and its being in line with the requirements of these entities.
 - Recommendation of candidate and choosing the outsource auditors in order to audit and review the financial statement and accounts of the company on a yearly or quarterly bases as well as determine their fees and charges
 - Offering the recommendations to develop policies of the business and the controlling procedures
- The audit department in addition to its basic role, and its being a link among BOD , manager of the audit department, Manager of the compliance department, the outsource auditors, it has conducted 7 meetings during the fiscal year of 2018 at is has discussed the most important business under its scope and discussed them with the executive department and the outsource auditors, these business are as follows:
- Discuss the quarterly financial statements of the company and the recommendation to chairman of the BOD to approve them abd dispatching them to the general assembly for adoption
 - Supervise works of the outsource auditors and to be sure of sustaining their independency, and paving all the obstacles that may face them or to affect on their business, as well as to evaluate level of their efficiency and performance activity.
 - Review and follow up the plan presented from the executive department at the company to Council of cooperative health insurance about the corrective steps for the comments received from Council of cooperative health insurance and to be sure about the required controlling procedures m in addition to assure utilizing the best practices in the insurance sector in the Kingdom of Saudi Arabia
 - Study the comments and the notices received from Deloitte & Touche Bakr About El Kheir & Co. "Deloitte" in respect of the it department, and following implementation of the corrective procedures as per the time table that has been determined for achieving that in view of what has been agreed with management of the company.
 - Follow up the lawsuit made by or against the company, the reasons of these lawsuits, realizing the situation of them, to recommend of what to should be adopted thereon.
 - Recommend to the BOD to adopt updated policies and procedures for the management of internal audit.
 - Recommendation to the BOD of approval the updated policies and procedures for the internal Audit Department.
 - Be sure of implementing the annual approved and accepted audit plan for the year of 2018, in view of level of the risks that may face the company. And to be assure that this plan has been achieved with the limited time table and to be executed regularly.
 - Discuss results and outcomes of the internal audit plan for the year of 2019, which is being based on level of the risks at the company after the full discussion and following up its implementation in accordance with the limited and identified time table.



- Discuss results and outcomes of the internal audit plan in a regular way, and analysis the risks which may face the company and study its effect and amendment of this study and that analysis in accordance of the risks.
- Recommendation of assigning and appointment the outsource auditors, defining their fees and charges who shall be among the nomination for auditing accounts of the company for year of 2018, as the committee has recommended of appointment office of the international auditors and office of Dr. Mohamed Al-Ameri.
- Approve and authenticate plan of the audit presented by department of the internal audit for the year of 2019, based on level of the risks at the company, after discussion and follow up its achievement as per the stated time table
- Follow up the compliance department in a regular way, and to be sure that the company is committed with the regulations and boards issued from SAMA and the other regulators.
- Study comments which have been received from the internal/external audit, and to follow up its achievement in light with the determined time table with the management of the company.
- The recommendation of appointment the actuary (Actuscope) to execute and implement the agreed actuarial services as well as determine their charges and fees.
- Meeting the actuary approved by the company, studying with him the comments stated at his report, and submit the key and essential remarks and notices to the BOD , and follow up the management of the company for the recommendations of the actuary
- Recommendation of development the accounting system to be sufficient of the requirements, and making the required automation of the operations of the company. To confirm follow up of this automation with the relevant departments and documenting the implementation plan as well as the policies and procedures.

Based on what have mentioned above, what have been achieved and conducted by the Internal Audit Department and the Compliance Department in view of the plan approved by the Audit Committee for the year of 2018. and in review of the reports and observations presented by the in/out source auditors, then studying all of these documents them with the executive management, the audit committee did not find any significant deficits or weakness through its internal control procedures in light of the company's recommendation to manage the company continuously, and to follow-up the procedures and the actions to improve efficiency and effectiveness of internal controls and the updating of the company's policies and procedures as per nature of the company's activities and its business, in answering the supervising entities and the relatives ones with the company.

25- Recommendation of the Audit Committee for necessity of appointment an internal auditor at the company, in addition to opinion of the Audit Committee in adequacy of the internal control system in the company

Details of view the Audit Committee about adequacy of the internal control system in the Company, have mentioned in paragraph (24). As the Company has an internal audit department.



26- Recommendations of the Audit Committee in contradiction with the BOD resolutions or that have been refused by the BOD in respect of appointment the Company's auditor, and determination of his charges and fees, evaluation his performance, the reasons and causes for not adopting any of the same

The BOD has approved recommendations of the Audit Committee regarding appointment of the company's auditor and the general assembly has approved. There is no opposition with recommendations of the Audit Committee as stated in this paragraph.

27- Details of the social contributions of the company, if any

Malath through its social role invited "Insan Society" in Chek Chees on the occasion of and celebrate of the National Day on September 23, 2018, since "Insan Society" was established since 28/08/1420 H. it is responsible for caring of the orphans.

28- The Means and the instruments which have been adopted by BOD in evaluation of its performance, performance of the committees and members, and the external entity which evaluated the company and its relation with the company, if any

The BOD assesses and evaluate performance of the Board / Committees of the Board and the relevant members through the regular meetings and through nomination and Remuneration Committee.

29- Statement of the shareholders meetings during the last fiscal year

	Name	Record of the attendance
		The General Assembly (2nd Meeting)
		23-05-2018
1	Eng. Mubarak Bin Abdullah Al-Khafra	Does not attend
2	A. Mohammed bin Ali Al-Ammari	Attended
3	Dr. Abdulmuhsen bin Mohammad Al-Saleh	Attended
4	Mr. Obaid Bin Abdullah Al-Rasheed	Does not attend
5	Mohammed Saleh Al-Adel	Does not attend
6	Mr. Mohamed bin Abdulaziz Al-Namla	Attended
7	Fawaz Muhammed Al-Fawaz	Attended
8	Mr. Tarek bin Othman Al-Abduljabbar	Does not attend
9	Mohamed bin Suliaman alHejelan	Attended



30- Risks face the Company

a. The Competition:

As same as, all the cooperative insurance companies in the kingdom, the business and performance of Malath, may be affected by the competitive environment at the Saudi markets, as a result of number of the licensed insurance companies in the market and enlisted in the market. the total number of the insurance companies has reached 33 cooperative insurance number at 2018, shared in all the regions of the Kingdom of Saudi Arabia in addition to permitting the foreign companies of opening some branches in the Saudi market, which leads to a forced competitive environment, that may be effect on activity of the company at the market as well as on its future chances at the market. so Malath tries hardly to increase and expand its business channels of the sales and to open new marches; so it has The company seeks to expand the channels of sales, for example, but not limited: the Electronic sales that enable all the customers whatever citizens or residents to be benefited from this services in an easy and simple way, the company seeks to innovate another creative ways to achieve more sales as well as for the claims, to provide the services to customers in the most better way and to be synchronized with rapid technical growth to achieve the customer requirements.

b. The ability to achieve satisfactory investment returns in the current economic conditions:

in a partial way, the financial results of Malath depends on the investment performance , the resultes may be affected because of increase/decrease returns of the investment from time to time, based on the circumstances and the risks which may affect these investments and the market fluctuations, the local and global economic conditions. Therefore, the company keens to diversify its investments ways and means abd selects the best investment instruments in view of its investment plans and potential risks.

c. The Legal and Systemic Risks:

The insurance business and operations of the Company are subject to supervision and control of the SAMA by virtue of the Cooperative Insurance Control Law and its Executive board, the Executive Board of the Cooperative Health Insurance Council for the health care insurance products. The organizing and supervision of the cooperative insurance are specifically relating to the insured and investors.

d. Risks of the IT and sustain the Business:

The company depends on the systems of the IT and its risks as well, in spite the company is utilizing proper security procedures, however at any time the IT systems may be breached or to be exposed for an electronic virus, human faults or natural disasters. Facing and exposing for any of these actions for long time may be lead to increasing the costs and the capital loss, which may affect results of the company. So the company has established department of the IT Security, linked and contacted directly with the CEO. This department shall create a secured and safety environment for the IT at the company, the company has established as well a comprehensive Emergency plan, and it is so active to eliminate harms and losses that may be resulted from the incidents bad to keep on continuity of the business.

e. Anti-Money Laundering & Counter Financing Terrorism AML / CFT:

Malath understands that the insurance sector is exposed of money laundering and terrorism financing through various insurance operations, which necessitates development of policies and applications specified to the customer acceptance and taken the due diligence procedures stipulated in the relevant regulations.



31- Matching & comparing results of the works and actions (amounts in SR Thousands)

Statement	2014 G.	2015 G.	2016 G.	2017 G.	2018 G.
Revenues					
Grand Total of the Underwriting Premiums	1,412,841	1,863,478	2,167,856	726,978	729,076
Deduct Issued Premiums of Reinsurance	(147,087)	(339,695)	(667,164)	(56,067)	(69,718)
Net of the Underwriting Premiums	1,265,754	1,523,783	1,500,692	670,911	659,358
Changes in the Unearned Premiums	(232,271)	197,491	(76,850)	163,684	(47,500)
Net of the earned Premiums	1,033,483	1,721,274	1,423,842	834,595	611,858
Reinsurance Commissions	31,816	56,482	415,332	98,008	15,736
Investment Income and Other Revenues	39,673	23,340	40,768	14,761	21,662
Grand Total of the Revenues	1,104,972	1,801,096	1,879,942	947,364	649,256
Costs & Expenses					
Grand total of the settled Claims	811,098	1,444,794	1,955,189	975,630	606,774
Deduct Share of Reinsurers	(59,383)	(62,084)	(353,885)	(71,857)	(82,624)
Grand total of the settled Claims	751,715	1,382,710	1,601,304	903,773	524,150
Change in the claims per the settlement	175,340	102,760	21,970	(157,014)	(119,165)
Net of the paid /settled claims	927,055	1,485,470	1,623,274	746,759	404,985
Costs of Insurance Policies Underwriting	55,958	171,927	217,666	98,018	77,336
Premium of loss surplus	22,574	27,211	38,750	19,745	20,508
Reserve of non-compliance the assets	-	-	18,471	(18,471)	-
Allocations of the bad debits / ((5,317)	1,000	7,400	(3,000)	11,532
Operative and Administrative salaries	72,689	72,006	78,560	67,896	71,879
Other public and Administrative Expenses	38,225	45,365	45,995	47,445	46,030
Grand Total of the Costs & Expenses	1,111,184	1,802,979	2,030,116	958,392	632,270
Net surplus/ deficit before Zakat	(6,212)	(1,883)	(150,174)	(11,028)	16,986
Net of Surplus / (Deficit) transferred to statement of the Shareholders Operations	(6,212)	(1,883)	(150,174)	(11,028)	15,630
Net of the Period Result	-	-	-	-	1,356



32- Statement of the changes at rights of the shareholders

(SR Thousands)

Statement	Capital	Regular reserve	Accumulated deficit	Change in the fair value of the of the investment available for sale	Rewards or losses of plans of the determined profits	Total
Capital	300,000	-	-	-	-	300,000
Total of the comprehensive loss for the period	-	-	(59,207)	(9,000)	-	(68,207)
Credit at December 31, 2008 G	300,000		(59,207)	(9,000)	-	231,793
Total of the comprehensive profit for the year	-	-	7,228	13,191	-	20,419
Credit at December 31, 2009 G	300,000		(51,979)	4,191	-	252,212
Total of the comprehensive profit for the year	-	-	18,074	(7,675)	-	10,399
Credit at December 31, 2010 G	300,000		(33,905)	(3,484)	-	262,611
Total of the comprehensive profit for the year	-	-	14,092	3,831	-	17,923
Credit at December 31, 2011 G	300,000		(19,813)	347	-	280,534
Total of the comprehensive profit for the year	-	-	30,467	11,534	-	42,001
Transferred for the reserve	-	2,131	(2,131)	-	-	-
Credit at December 31, 2012 G	300,000	2,131	8,523	11,881	-	322,535
Total of the comprehensive profit for the year	-	-	(41,834)	10,279	-	(31,555)
Credit at December 31, 2013 G	300,000	2,131	(33,311)	22,160	-	290,980
Total of the comprehensive profit for the year	-	-	(13,712)	(1,049)	-	(14,761)
Credit at December 31, 2014 G	300,000	2,131	(47,023)	21,111	-	276,219
Total of the comprehensive profit for the year	-	-	(9,883)	(7,902)	-	(17,785)
Credit at December 31, 2015 G	300,000	2,131	(56,906)	13,209	-	258,434
Total of the comprehensive profit for the year	-	-	(156,174)	(12,901)	-	(169,075)
Credit at December 31, 2016 G	300,000	2,131	(213,080)	308	-	89,359
Total of the comprehensive profit for the year	-	-	(17,028)	(654)	(1,754)	(19,436)
Decrease of the Capital	(180,000)	-	180,000	-	-	-
Increase of the capital - shares of the priority rights	380,000	-	-	-	-	380,000



The items which be amended and added to the other comprehensive income statement after reclassification of the financial statements according to SAMA requirements and IFRS requirements	-	-	-	346	197	543
Credit at December 31, 2016 G	500,000	2,131	(50,108)	-	(1,557)	450,466
Total of the comprehensive profit for the year	-	-	2,630	(231)	(2,774)	(375)
Credit at December 31, 2016 G	500,000	2,131	(47,478)	(231)	(4,331)	450,091

- The capital of the company has been decreased from SR 300.00 to be SR 120 M., by canceling 18 million share, then the capital has been decreased from SR 12.00 M. to become SR 500.00 M. by presenting 32 M. shares of the priority rights.
- In the year of 2017, some of the statement of the comprehensive income has been rescheduled and organized as a part of the property/equity (the amounts have been amended to go along with requirements of the requested standards for the financial report and to be in line with SAMA requirements as well, and the Capital Market Authority. In the financial statements for the year ended at 31 December 2018, it is required to be restructured and be added to the statement of the financial position for the comparative year 2017

33- Matching the assets and liabilities

(SR Thousands)

Statement	2014 G.	2015 G.	2016 G.	2017 G.	2018 G.
Assets of the Insurance Operations					
Cash & Semi Cash	457,254	538,794	807,533	477,898	66,352
Short-term investments	50,621	235,766	75,000	55,000	365,349
Available investment for sale	35,303	36,869	5,346	4,600	3,322
Net of debit accounts receivables	457,636	263,678	158,624	114,853	172,366
Other assets	629,282	533,953	503,920	187,430	148,011
Assets of the Insurance Operations	1,630,096	1,609,060	1,550,423	839,781	755,400
Assets of the shareholders					
Cash & Semi Cash	79,518	80,324	151,498	220,852	47,791

Short-term investments	15,000	-	-	163,000	313,000
Available investment for sale	192,006	174,907	72,834	35,851	32,299
Other assets	30,467	31,078	49,695	79,667	97,239
Grand total of the Assets of the shareholders	316,991	286,309	274,027	499,370	490,329
Total of the assets	1,947,087	1,895,369	1,824,450	1,339,151	1,245,729
Requirements of the Insurance Operations					
Receivables of Reinsurers	37,690	180,203	42,122	10,287	5,266
Technical reserves	1,405,184	1,242,743	1,159,817	669,400	571,343
Other requirement	187,222	186,114	348,484	160,094	178,791
Total of the Insurance Operations requirements	1,630,096	1,609,060	1,550,423	839,781	755,400
Requirements and rights of the shareholders					
Requirements of the shareholders	40,772	27,875	184,668	47,347	35,907
Rights of the shareholders	276,219	258,434	89,359	452,023	454,422
Total Requirements of the shareholders	316,991	286,309	274,027	499,370	490,329
Total Requirements and rights of the shareholders	1,947,087	1,895,369	1,824,450	1,339,151	1,245,729

34- The geographic Analysis for the company's revenues and its subsidiaries

The Region	The geographic Analysis for the company's revenues and its subsidiaries	
	Total of revenues	Ratio
The Central	243,352,971	33%
The Eastern	42,401,178	6%
The western	15,708,575	2%
The key accounts	334,196,551	46%
Electronic Sales	93,416,859	13%
Total	729,076,134	100%



35- The Essential Deference in the operational results

(SR in Thousands)

Gross Written Premiums	729,076	726,978	+	0.29%
Reinsurance Premuim Ceded	(69,718)	(56,067)	+	24.35%
Excess Of Loss Expenses	(20,508)	(19,745)	+	3.86%
Net Premiums Written	638,850	651,166	-	-1.89%
Net Premuims Earned	591,350	814,850	-	-27.43%
Reinsurance Commissions	15,736	98,008	-	-83.94%
Other Revenues	5,835	7,847	-	-25.64%
Net Claims Incurred	(404,985)	(746,759)	-	-45.77%
Policy Acquisition Costs	(77,336)	(98,018)	-	-21.10%
Depereciation	(2,134)	(2,584)	-	-17.41%
Other operational expenses	(129,441)	(93,870)	+	37.89%
Operating profit (loss)	1,159	(17,942)		
Investment Income	15,827	6,914	+	128.91%
profit (loss) of the fiscal year ended at 31 Dec.	16,986	(11,028)		

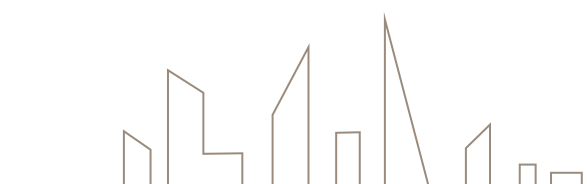
36- Clarification of the defferences in the Accounting Standards apprpved by

As it has been mentioed in report of the outsource aditor, that the company has prepared the financial lists as per the international standards specialised for the financial reports.

As it has not be prepared as ber standards adopted in the kingdom of Saudi Arabia. The company by vertue of that confirms that there are no any essential defference or any financial effect because of preparing these lists as per the international standrds not in accordance with the saudi standards of the accounting.

37- Policy of the company in respect of sharing and destributing the profits

The shareholder shall have his share at the profits in accoradnce with decision of the general assembly in this regard, the decision as well, clarifies the due & destribution dates, preiority of the for the share's owners registered at the shareholders' records at end, the date specified for the reservation. The company shall advise the Capital Market Authority without delay of any decision to distribute profits or what has been recommend. The company shall notify payment of the profits and it will be distributed to the shareholders, stating the place and dates that has been determined by the BOD, in view of the instructions issued by the relevant authority, provided that having a prior written consent from SAMA. Based on the fifth Article; at baoed of the governance of the company, the policy of destripuiting the profits should depend on achieving profitable returns and earnings for thw invsetors through business of the company's shares, so effects of these earnings will include these axes as follows:



Profit Distribution Policy:

- Distribution of fruitful cash to shareholders upon taking into consideration the various factors at time of distribution, including the financial position of the company and requirements of capital of business, distributable profits and credit limits which are available to the company. in addition to the general economic situation
- Granting bonus free shares to the shareholders in event, the relevant conditions and requirements of the retained earnings and the equity of the Company at the financial centers and statements are available.
- The preiority of profits, whether cash destriputions or bonus shares, shall be to the registered shareholders of the Deposit Center at the Stock Exchange at end of the trading day of the General Assembly.
- The company pays the profits to be distributed to the shareholders on the dates specified by the BOD

Announcement of sharing & Distribution the benefits

- The decision concerned any of the announcement and payment of distribution, including with decision of the amount of distributions and the procedures for payment thereof, shall be taken by the General Assembly of shareholders on the recommendation of the BOD .
- Decision to declare and pay for the distribution will be a separate issue on the agenda of the General Assembly of Shareholders.
- The decision of determining the amount of distributions the procedures for their payment which shall be taken by the BOD at its meeting when the initial distribution of the Company's net profit for the year is approved and recommended to the General Assembly of Shareholders.
- Decision of announcement dividends is made in accordance with the Company's Articles of Association.
- The decision of determining the amount of distributions and the payment shall be independent in table of works the general assembly of the shareholders
- The decision of determining the amount of distributions the procedures amounts of the distributions and the procedures of payment, shall be taken by the BOD in its meeting, upon approval the initial distribution of the net profit for the same year, this should be recommended for the general assembly.
- The decision of announcement about distribution of the shares shall be in accordance with the Articles of Association of the Company.

38- Transactions and dealing with the related parties

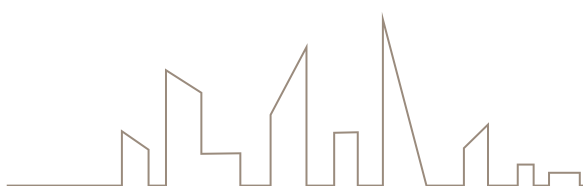
The BOD has approved the amendments to Policy of arranging the Conflict of Interests for Board Members, Directors, the executive managers and Shareholders to comply with the regulations and regulations issued by the Capital Market Authority. Some transactions and contracts in which the company was a party and there is interest for some of the BOD and senior executives have been conducted without giving the company any special advantage because of these transactions, which were as follows:



The relative party (the Company))	Type of the relation at the company	Nature of the contract / work	Period	Terms of the business / contract	Grand Total of the Premiums
Mohammed Al-Ammari	Personal Insurance for member of Board	Motor & Medical Care Insurance	Year	In accordance with SAMA, there is no any preferential benefits	22,000
Abdelmohsen Al-Saleh	Personal Insurance for member of Board	Motor & Medical Care Insurance	Year	In accordance with SAMA, there is no any preferential benefits	18,519
Obaid Al-Rashid	Personal Insurance for member of Board	Motor	Year	In accordance with SAMA, there is no any preferential benefits	6,828
Al Yousr Finance & Leasing Company	He participates in membership of its management H.E. Mohamed bin Sulieman Al-Hujialan(member of the (BOD	Motor	Year	In accordance with SAMA, there is no any preferential benefits	209,716,844
NASCO For the Insurance Broking Activity	Eng. Mubarak Al-Khafra (Chairman) among of its owners	Reinsurance	Year	In accordance with SAMA, there is no any preferential benefits	188,087

- Reinsurance Premiums of the year paid for NASCO For the Insurance Broking Activity:

- This represent the actual payments , it did not include the holding amounts or under settlement and the technical allocations
- The members of the BOD, who obtained insurance policies from the company, paid the due premiums and installments in full as same as the policies given to all customers without any preferential benefits.
- Other than that, there are no any contracts between the Company and any other party i.e. CEO and CFO, or any other executive person related to any of the BOD Members, and there is no any arrangement or agreement whereby the BOD member or a senior executive waived a salary or compensation.



39- Describing any beneficiary, contracting documents, or underwriting rights related Senior Executives, their relatives in shares and items and materials of debit of the company

Describing any beneficiary, contracting documents, or underwriting rights related Senior Executives, their relatives in shares and items and materials of debit of the company 2018 G							
S.N	Name of the beneficiary, who has the contracting documents, or who has the underwriting rights	Starting of the year		End of the year		Net of the change	Percentage of change
		Number of the owned shares	Items and materials of the debit	Number of the owned shares	Items and materials of the debit		
1	Mubarak Bin Abdullah Al-Khafa	133,991		2,000		(131,991)	-99%
2	Mohamed bin Ali Al-Ammari	14,275		14,275		-	0%
3	Abdulmuhsen bin Mohammad Al-Saleh	400		400		-	0%
4	Mr. Obaid Bin Abdullah Al-Ra-sheed	1,666		1,666		-	0%
5	Mohammed Saleh Al-Adel	400		400		-	0%
6	Mr. Mohamed bin Abdulaziz Al-Namla	1,666		1,666		-	0%
7	Fawaz Muhammed Al-Fawaz	1,686		1,686		-	0%
8	Tarek bin Othman Al-Abduljabbar	400		400		-	0%
9	Mohamed bin Suliaman alHejelan	-		-		-	-

40- Describing any beneficiary, contracting documents, or underwriting rights relating the Senior Executives, their relatives in shares, items and the materials of company debit

Describing any beneficiary, contracting documents, or underwriting rights related to the Senior Executives, their relatives in shares, items and materials of the company debit of 2018 G							
S.N	Name of the beneficiary, who has the contracting documents, or who has the underwriting rights	Starting of the year		End of the year		Net of the change	Percentage of change
		Number of the owned shares	Items and materials of the debit	Number of the owned shares	Items and materials of the debit		
1	Fawaz bin Abdurahaman Al-Hajji	-		-		-	-
2	Rami Omer Al-Hushan	-		-		-	-
3	Tarek Al-Ghamdi	-		-		-	-
4	Ammar Al-Sairafi	-		-		-	-
5	Ahmed Al-Hariri	-		-		-	-
6	Khaled Aref	-		-		-	-



41- Equity and debt instruments activities

During the ended period at 31 Dec. 2018, there are no any debit notes issued by the companies there is no any benefit in class of the shareholders be voted in fever of any individual, there is no any benefits or rights of choose /selection . rights of the underwriting are belonging to members of the BOD , senior executives or members of their families in rights of the company shareholders there are no any debits notes can be transferred to shares or any rights of choose /selection, any notices, rights of underwriting, or any of the similar rights, which have been issued by the company or granted any of these during the said period. There are no any refunds, purchase, termination by side of the company for any the refund notices, as there are not any arrangements, agreement of release from any of the shareholders of any of their rights.

42- Number of the company applications for record of the shareholders, dates and of these applications and their causes

It should be disclosed and declared in a schedule:

Number of the company's application/requests for record of the shareholders	Date of the application/requests	Reasons of the application/requests
1	15/02/ 2018	Regulations & procedures of the company
2	09/05/ 2018	General Assembly
3	21/05/ 2018	Regulations & procedures of the company
4	04/12/ 2018	Regulations & procedures of the company

43- Statement of the regular payments due against any ZAKAT, fees & charges or any other arrears up to end of the annual Fiscal year, and giving a brief about and reasons of dela

Statement	2018 G.		Briefed Statement	explanatory statement
	Paid	The dues (Holdings) up to end of the annual financial period without payment		
Zakat	6,033,518	An estimated allocation has been composed in amount of SR 13 M. and up to presenting the paid report	In amount of 6,033 M. as payment of ZAKAT for 2018, as In details, they are as follows: payment ZAKAT of 6,033 M. for the Authority against the period ended at 31 Dec. 2017. Paid installments for ZAKAT of SR 28,518, for the Authority to release the final payments of the government contracts (it is deducted from the ZAKAT due for year of 2018),	Reports and statements of ZAKAT should be submitted before 30/04/2019
Tax	41,804,837	1,595,843	The payment relates the period from Jan 2018 to Nov. 2018, against each of the following: = Withholding Tax (Payments of Reinsurance, Consultancy and Technical Services) of 1,773,726.82 + VAT of 40,031,109.73	Dues of the authority for Dec. 2018, = Withholding Tax (W/H) of Dec SR 57,643 + VAT of Dec. SR 1,538,200 = the total amount has been paid on 07 Feb., 2019

General Organization for Social Insurance (GOSI)	6,302,329	528,456	Dues of organization belongs to premiums of Dec. 2018	They have been settled on 10 Jan. 2019, noting that the deadline of payment was 15 Jan. 2019
Costs & Expenses of Visas and Passports	142,213	-	Costs & Expenses of the non-Saudis Visas - they have been settled	
Charges of the Labor Department	847,677	-	The labor cards charges & expenses - they have been settled	

44- BOD Acknowledgment

The BOD acknowledges that:

- 1- That records of the accounts have been handled and conducted accurately and in the proper way
- 2- The audit system has been prepared and formed based on right bases and performed actively
- 3- There is no any doubt in the company's ability to continue its activity.
- 4- There are no any loans due on the company (whether payable or not).
- 5- There is no any arrangements or agreements whereby a shareholder may waive any profits' rights.
- 6- There is no contradiction between any of the audit Committee recommendations and the BOD' decisions. As There are no recommendations by the Audit Committee, which may be refused or disregarded by the BOD in respect of assigning the Company's auditor, his dismissal, determination of his charges and fees, evaluation of his performance or appointment of the Internal Auditor.
- 7- There is no any reservation in the auditor's report containing some reservations to the annual financial statements.
- 8- There is no any penalty, reserve or punishment imposed on any of the BOD members by any judicial, supervisory or regulatory BOD relating the Company.
- 9- There are no senior shareholders in the company.
- 10- There are no any investments or reserves created or allocated for benefit of the Company's employees.

God bless

