

الدرع العربي للتأمين
Arabian Shield Insurance



Arabian Shield
Cooperative In-
surance

2023

Annual Report

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



About Us

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About Us

Known for its long history and leadership in the Saudi insurance market, Arabian Shield Cooperative Insurance Company was established in 2006 on solid foundations with a clear focus on innovation and providing distinguished insurance services, with a strategic vision and clear mission. The Company stands out for its competitive advantages and the diversity of its insurance products that meet the needs of individuals and companies. The company relies on effective strategies in providing insurance and reinsurance services, supported by a strong organisational structure and a specialised management team, making it a prominent company in providing integrated insurance solutions within the Kingdom of Saudi Arabia.

الدرع العربي للتأمين
Arabian Shield Insurance



Vision

Arabian Shield aspires to provide customers with high-quality insurance products and services at reasonable prices, and to become one of the best companies in the field of insurance in terms of the services and products provided and its professional dealings with customers, shareholders and all parties of the business system as well. Arabian Shield seeks to develop work plans that are commensurate with the size of the Saudi insurance market, based on the level of service provided to customers and the search for new products that meet their needs and live up to their aspirations.



«To be their first port of call for advice, information and coverage on insurance products and services because they trust our knowledge, professionalism and expertise.»

Mission

Providing quality insurance products and services at a fair value to our customers. We aim to protect the insurable interests of our clients in order to ensure their economic and moral stability, while offering high-quality insurance products that exceed industry standards. Our success is measured by our customers choosing us because they believe in our ability to exceed their expectations in terms of quality and commitment.

Core Values



Integrity:

Our commitment to integrity is at the center of everything we do. We apply the highest standards of ethics and transparency in all aspects of our business and consider this commitment to be the essence of our clients' and partners' trust.



Customer Focus :

Our customers are our number one focus. We endeavor to anticipate their needs and exceed their expectations by delivering products and services that are distinctive and innovative, while maintaining the highest levels of quality and efficiency.



Performance :

Performance is the cornerstone of our success. We are committed to taking responsibility and working quickly and accurately, while ensuring the best quality every time.



Respect :

We value fair competition and operate in a spirit of mutual respect. We believe in valuing all parties in the market and fair and equitable competition. The essence of our clients' and partners' trust.

798,152,950 SAR

The capital of Arabian Shield Cooperative Insurance Company

Chairman's Message

Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer

As we conclude the 2023 financial year, on behalf of myself and the other members, I am pleased to present the Board of Directors' report, expressing my deep gratitude for the support and trust you have placed in us.

I would like to extend my sincere thanks and gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and His Royal Highness Crown Prince Mohammed bin Salman Al Saud for their diligent efforts towards achieving economic development and harnessing all capabilities to achieve the Kingdom's Vision 2030, which contributed to enhancing the role of the financial sector and insurance companies, launching the Saudi Insurance Authority to regulate the insurance sector to ensure its effectiveness and stability, enhancing contractual relationships, introducing new insurance innovations and products, raising insurance awareness, increasing competition to ensure improved quality of services, and encouraging investment in the sector

Thanks to your efforts and dedication, we were able to achieve strong financial results, strengthening our leading position in the Saudi insurance market, in addition to our achievements in developing products and expanding our service network, all within the framework of our commitment to the highest standards of quality and service, which was reflected in enhancing the confidence of both our customers and partners.

We stand on the threshold of closing another chapter full of challenges and achievements, with the end of 2023, which has been an exceptional year in our company's journey, which witnessed our second acquisition and merger with Alinma Tokyo Marine, supporting our strategic plan towards leadership in the Saudi and regional market. This merger was not only a step towards enhancing our competitiveness, but also an opportunity to exchange expertise and technologies, expand our customer base, and drive significant growth in our march towards the top with a strong vision and unrelenting determination to innovate and ex-

cel in all corners of our activities and businesses.

We at Arabian Shield are proud to be part of this ongoing journey, keeping pace with innovations and expanding the horizons of protection and safety for our customers, drawing from history the lessons of cooperation and solidarity that lead us towards a brighter future.

I would like to thank the Arabian Shield team for their hard work, our partners and customers for their continued support and trust, and the Board of Directors for their wise leadership and unwavering support.

As we look forward to the year ahead, we are committed to continuing our journey towards innovation and excellence, underpinned by our strategic plans to achieve sustainable growth and create value for our shareholders and society as a whole.

In conclusion, I pray to Allah Almighty to grant us success in our endeavours and to keep our Company successful and prosperous.



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CEO Message

Basil Al-Abdulkarim

Dear shareholders, colleagues, and valued customers,

I am honored, as CEO of Arabian Shield Cooperative Insurance Company, to share with you the annual report for the year 2023, which reflects our strategic vision and achievements during this busy year, which represented an important turning point in our journey towards innovation and leadership.

Our commitment to the Kingdom's Vision 2030 and the aspirations of the wise leadership have inspired us to develop an ambitious strategic plan that focuses on innovation, product diversification, and geographical expansion, embodied in the strategic mergers and acquisitions carried out by the company, the most recent of which was our successful merger with Alinma Tokyo Marine.

The year 2023 was an exceptional year in our financial performance.

Our expansion strategy yielded outstanding results, as we witnessed insurance revenues rise to approximately 1,145 million Saudi riyals, and sales (gross written premiums) increased by 17% from approximately 1,106 million Saudi riyals in the year 2022 to 1,297 million Saudi riyals in 2023 and achieving a prominent presence in the automobile insurance sector with an annual increase of 62%, while general and medical insurance also witnessed clear growth of 46% and 11% respectively, and this is all thanks to our effective strategy and the dedication of our work team, which played a fundamental role in exceeding one billion Saudi riyals in sales. Today, Arabian Shield Cooperative Insurance enjoys a prominent and leadership position in the field of protection and savings insurance and possesses a more diversified and balanced portfolio, which allows it to focus on targeted underwriting and selective aggregation of profitable businesses.

Net investment income achieved a significant growth of about 70% over the year 2022, which highlights the quality and feasibility of our strategic investment decisions across all investment tools and channels. Total shareholders' equity also increased significantly in 2023, achieving a growth rate of 29% over the previous year, partly due to the merger with Alinma Tokyo Company.

We continue our commitment to conservative investment to protect the interests of all shareholders, in addition to maintaining strong technical reserves, based on our commitment to financial stability and the safety of insurance policyholders, and achieving sustainable profitability and financial stability despite all pressures on profit margins in the industry, by managing our business in an appropriate manner. Strategic and operational efficiency.

We are committed to continuing to develop and innovate to achieve our strategic goals and strengthen our position as a leading company in the insurance sector in the Kingdom of Saudi Arabia. With its future outlook, Arabian Shield Company will continue to focus on improving the diversification of its investment portfolio, proactively managing expenses, and exploring new investment opportunities to ensure continued growth and profitability in the coming years.

We look forward with optimism to a bright future filled with success, progress, and more ambitions and achievements, a future crowned with your support and trust. While I extend my sincere thanks to the Arabian Shield team, our dear partners and customers for their continued support and precious confidence in our vision and strategy for the good it brings to all of us and our society.

Shield Strategies

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Shield Strategies

Arabian Shield Cooperative Insurance Company seeks to achieve its objectives by following strategies that include providing high-quality products and services by dealing only with trusted companies and individuals, and developing innovative ideas to better serve our customers.

1. Establishing a reputation for “Quality”

Quality is the cornerstone of all activities at Arabian Shield as we believe that a sparkling reputation comes from providing “Quality” services and adhering to globally recognized best business practices. The Company utilizes some quality management techniques, such as:

- Achieving “Key Performance Indicators” (at departmental and process level).
- Setting benchmarks.
- Brainstorming.
- Lean thinking.
- Continuous improvement.
- 20/80 (and 10/90) rules.
- Quality Control Process Circles.

The founders and senior managers of Arabian Shield Cooperative Insurance Company have long experience in the Saudi market, and their advice and quality of services have gained the trust of a wide range of clients across various sectors of the Saudi economy.

2. Improving Profitability

Arabian Shield Cooperative Insurance Company intends to continue adopting prudent underwriting criteria for renewing the existing policy portfolio or accepting any new business by following the highest standards in assessing insured risks by applying some basic criteria in the form of risk assessment guidelines and manuals. The Company has utilized the technical expertise of leading reinsurers with whom it has strong relationships to develop these guidelines and manuals.

Comprehensive categorization tools are prepared by the Company’s internal actuarial department for use on a daily basis across all of the Company’s activities.

3. Improving Operational Efficiency and Effectiveness

Improvements in technology, developments in distribution and changes in regulation have impacted the underwriting function of insurance companies over the past decade. Arabian Shield is constantly reviewing its operational processes to ensure the highest standards in terms

of efficiency and effectiveness of doing business by increasingly adopting and utilizing technology. The Company is expected to achieve new breakthroughs in minimizing operational costs in the coming years.

4. Developing Technological Infrastructure

Technology has significantly impacted the results of both personal and commercial insurance operations. The Company's main focus is on selecting and implementing a sophisticated and integrated platform that covers all technical and operational processes under one roof.

Arabian Shield is participating in a strategic project to reassess the current technology landscape and develop a "Digital Transformation Map" to support the IT department with the necessary resources and enable it to make the necessary technological changes across the various departments.

5. Maximizing Return on Investment

Arabian Shield will continue to follow a conservative investment strategy in order to maintain strong viability thresholds and protect the interests of all the Company's shareholders.

The Company has developed an investment plan, approved by the Board of Directors, to allow greater flexibility in the operation of its investments and to maximize the return on all categories of investments.

INSURANCE

Signature



Historical Highlights

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2006	Establishment of Arabian Shield Company	
2007	Listing of Arabian Shield's shares on the Saudi Stock Exchange (TASI)	Arabian Shield obtaining a license from the Saudi Central Bank to engage in insurance and reinsurance activities in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Executive Regulations
2018	Increasing the capital of Arabian Shield from SAR 200,000,000 to SAR 300,000,000 by granting one bonus share for every two shares.	
2021	Increasing the capital of Arabian Shield from SAR 300,000,000 to SAR 400,000,000 by granting one bonus share for every three shares	
2022	Increasing the capital of Arabian Shield from SAR 400,000,000 to SAR 638,524,620 and merging AlAhli Takaful into Arabian Shield	
2023	Increasing the capital of Arabian Shield from SAR 638,524,620 to SAR 798,152,950 and merging Alinma Tokyo Marine into Arabian Shield	



Company Operational Performance

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Company Operational Performance

The table below shows the insurance products of the Arabian Shield Company (ASCIC) that received final approval from the Central Bank of Saudi Arabia:

Insurance Coverages

Class	Product	SAMA ID	Date of Approval
Accident & Liability	Commercial Crime	001-A-ARSH-1-C-09	28-Jan-08
	Fidelity Guarantee	003-A-ARSH-1-C-07	14-Jul-07
	Freight Forwarder Liability	004-A-ARSH-1-C-07	14-Jul-07
	Hole in one	007-A-ARSH-1-C-07	14-Jul-07
	Medical Malpractice	008-A-ARSH-1-I-08	"28-Jan-2008 Updated 06-Mar-2022»
	Money Insurance	009-A-ARSH-1-C-07	14-Jul-07
	Personal Accident	010-A-ARSH-1-B-08	29-Jan-08
	Personal Liability	011-A-ARSH-1-I-08	29-Jan-08
	Professional Indemnity	012-A-ARSH-1-C-08	29-Jan-08
	Public Liability	013-A-ARSH-1-C-08	02-Feb-08

	Public & Product Liability	014-A-ARSH-1-C-08	02-Feb-08
	Product Liability	015-A-ARSH-1-C-08	02-Feb-08
	Theft	016-A-ARSH-1-C-08	02-Feb-08
	Travel Insurance	017-A-ARSH-1-I-13	27-Feb-08
	Workmen Compensation	018-A-ARSH-1-C-07	31-Mar-13
	Personal Property	041-A-ARSH-1-I-07	09-Dec-07
	Bankers Blanket Bond	042-A-ARSH-1-C-17	18-Jul-07
	Directors and Officers Liability	043-A-ARSH-1-C-17	23-Feb-17
	Electronic Computer Crime	044-A-ARSH-1-C-17	23-Feb-17
	Event Cancellation	045-A-ARSH-1-C-19	23-Feb-17
	Financial Institutions Professional Indemnity	046-A-ARSH-1-C-17	01-Oct-19
	"Professional Indemnity "Miscellaneous	047-A-ARSH-1-C-19	23-Feb-17
	Sports Clubs Insurance	049-F-ARSH-1-C-21	27-Oct-19
	Craftsman Liability Insurance	050-F-ARSH-1-C-21	01-Sep-21
	Aircraft Insurance	051-F-ARSH-1-C-21	12-Sep-21
	Cyber Risk Insurance	052-F-ARSH-1-C-21	13-Sep-21
	(Domestic Workers Contract Insurance (Indv	060-P-ARSH-1-I-22	13-Sep-21
	(Domestic Workers Contract Insurance (Group	061-F-ARSH-1-C-23	04-Jan-23
	Accidental Damage Protection & Extended Warranty Insurance Policy	066-F-ARSH-1-C-24	---

	Event Cancellation - Contingency	068-A-ARSH-1-C-24	07-Feb-24
	Event Cancellation - Non-Appearance	069-A-ARSH-1-C-24	13-Feb-24
	Event Cancellation - Political Violence	070-A-ARSH-1-C-24	13-Feb-24
	Extended Warranty	071-A-ARSH-1-C-24	13-Feb-24
	Professional Indemnity Architects and Civil Engineers	074-A-ARSH-1-C-24	13-Feb-24
	Trade Credit (Commercial perils)	A-ARSH-1-C-24-077	13-Feb-24
	Commercial General Liability	079-A-ARSH-1-C-24	13-Feb-24
Property	Agricultural Crop	036-A-ARSH-1-C-07	13-Feb-24
	Fire Insurance	037-A-ARSH-1-B-07	24-Jul-07
	"Commercial and Industrial "All Risk	038-A-ARSH-1-C-07	18-Jul-07
	Loss of Profits	039-A-ARSH-1-C-07	18-Jul-07
	Houseowners and Householders	040-A-ARSH-1-I-07	18-Jul-07
	Fire & Special Perils	072-A-ARSH-1-C-24	18-Jul-07
	(Property All Risk (TM Group	075-A-ARSH-1-C-24	13-Feb-24
	Fine Art Policy	081-P-ARSH-1-C-24	13-Feb-24
Engineering	Contractors All Risks	019-A-ARSH-1-C-07	20-Feb-24
	Computer Insurance	020-A-ARSH-1-C-07	21-Jul-07
	Plant & Equipment	021-A-ARSH-1-C-07	21-Jul-07

	Erection All Risks	022-A-ARSH-1-C-07	21-Jul-07
	Deterioration of Stock in Cold Store	023-A-ARSH-1-C-08	21-Jul-07
	Machinery Breakdown	024-A-ARSH-1-C-08	28-Jan-08
	Machinery Breakdown Loss of Profits	025-A-ARSH-1-C-08	28-Jan-08
	Electronic Equipment	067-A-ARSH-1-C-24	28-Jan-08
	Boiler and Pressure Vessel	078-A-ARSH-1-C-24	13-Feb-24
Marine	Marine Cargo "Open Cover" Basis	026-A-ARSH-1-C-07	13-Feb-24
	Marine Cargo "per voyage" basis	027-A-ARSH-1-B-07	18-Jul-07
	(Land Transit (Goods in Transit	028-A-ARSH-1-C-07	18-Jul-07
	Parcel Insurance	048-F-ARSH-1-C-21	18-Jul-07
	Hauliers Liability	073-A-ARSH-1-C-24	22-Aug-21
Motor	(Motor Third Party (Government	030-A-ARSH-1-C-16	13-Feb-24
	Comprehensive Motor Insurance	031-A-ARSH-1-B-07	12-Dec-07 Updated 29-Dec-2022
	Motor Third Party	033-A-ARSH-1-B-07	12-Dec-07
	Motor Trade – External Risks	034-A-ARSH-1-C-07	12-Dec-07
	Motor Trade – Internal Risks	035-A-ARSH-1-C-07	12-Dec-07
	Comprehensive Insurance of Motor Vehicles leased to individuals	053-P-ARSH-1-I-21	02-Jan-22
	Retail Comprehensive Motor Insurance	065-P-ARSH-1-I-23	19-Nov-23

	Retail Motor Insurance	076-A-ARSH-1-I-24	13-Feb-24
	Corporate Motor Insurance	080-A-ARSH-1-C-24	13-Feb-24
Life	Group Life	005-A-ARSH-3-C-08	03-Feb-08
	Group Permanent Health	006-A-ARSH-3-C-08	03-Feb-08
	Saving Plan	054-A-ARSH-3-I-12	18-Jan-22
	Education Protection & Saving Plan	055-A-ARSH-3-I-16	18-Jan-22
	Marriage Protection & Saving Plan	056-A-ARSH-3-I-16	18-Jan-22
	Retirement Protection & Saving Plan	057-A-ARSH-3-I-16	18-Jan-22
	AMAN Protection Plan	058-A-ARSH-3-I-19	18-Jan-22
	Group Creditors Plan	059-A-ARSH-3-C-11	18-Jan-22
	Education Plus, Protection and Saving Plan	062-P-ARSH-3-I-23	19-Sep-23
	Marriage Plus, Protection and Saving Plan	063-P-ARSH-3-I-23	19-Sep-23
	Retirement Plus, Protection and Saving Plan	064-P-ARSH-3-I-23	19-Sep-23
Medical	Cooperative Health Insurance	002-A-ARSH-2-C-07	09-Dec-07
	Visitors Insurance	029-A-ARSH-2-I-16	17-Jan-16
	Domestic Workers Medical Insurance	082-P-ARSH-2-I-24	04-Mar-24

Reinsurance

In order to reduce the risks of the insurance business, to ensure the stability of operations and capital resources, to minimize the risk of losses and to contribute to the stability of profitability, Arabian Shield Company reinsures against a portion of the risks it insures under its insurance operations.

This is in line with the executive regulations issued by the Saudi Central Bank. To minimize the risk of reinsurance concentration, Arabian Shield has established reinsurance programs with several well-known international reinsurers. Arabian Shield deals with several reinsurers with a rating no lower than the minimum, as stipulated in the Reinsurance Business Regulations issued by the Saudi Central Bank.

Protection and Savings Programs



Aman Protection Program



Education Protection and Savings Program

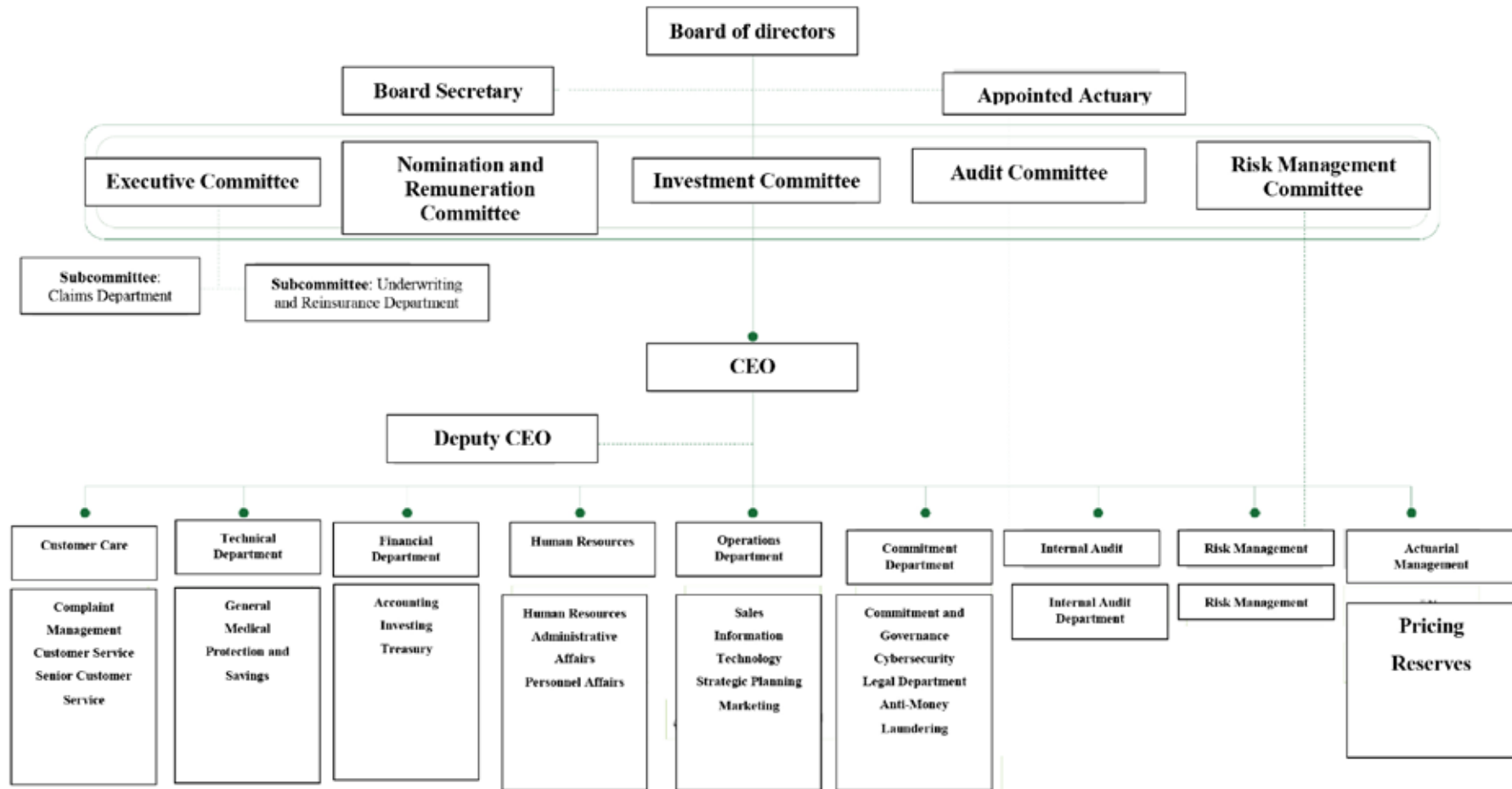


Marriage Protection and Savings Program



Retirement Protection and Savings Program

Company Organizational Structure



The Results of strategic transformations:

2023 witnessed a year of continuous growth through targeted expansion and successful integration with the Inma'a Tokyo Marine company at the end of this year..

The insurance revenues grew significantly to reach **1,145,711,000** in 2023, with an increase of **25%** from 918,720,000 in the previous year, representing expansion in all business areas. Sales (i.e., total premiums underwritten) increased by **17%** from 1,106,285,000 in 2022 to **1,297,129,000** in 2023. The highest growth was in vehicle insurance by **62%** on an annual basis, while general, medical, and life insurance also experienced significant growth by **46%**, **11%**, and **4%** respectively year-on-year.

Arabian Shield Company currently maintains a more balanced portfolio, with the medical portfolio and life portfolio accounting for **39%** and **34%**, respectively (2022: 41% and 38%, respectively) of Arab Shield's business. Cars come next at **16%** (2022: 12%), followed by general insurance at **11%** (2022: 9%).

This growth in various business areas aligns perfectly with the company's strategic focus on targeted and selective underwriting of profitable businesses with reasonable technical margins.

The results of insurance services improved significantly in 2023 to **128,569,000** compared to 94,534,000 in the previous year, an increase of **36%** on an annual basis. Net results of insurance services also improved from (8,703,000) in 2022 to **22,858,000** in 2023.

Investment Growth

Net investment income witnessed significant growth of around 70% in 2023, reaching 61,531,000 compared to 36,266,000 in the previous year, helping alleviate pressure on technical margins. This notable improvement in investment margins is primarily attributed to strategic investment decisions and improved performance across all investment instruments.

Maintaining profitability and financial stability

Despite industry-wide pressure on profit margins, Arab Shield Company managed its operations strategically to maintain strong profitability. Pre-Zakat and income tax profit rose to 65,136,000 in 2023 from 406,000 in the previous year. Total comprehensive income in 2023 amounted to 61,597,000 compared to a loss of (9,416,000) in 2022 (under the new IFRS 17 standard for 2022).

Earnings per share reached 0.67 Saudi Riyals for 2023 compared to 0.29 Saudi Riyals in the previous year (under the new International Financial Reporting Standard 17 for 2022).

Total shareholders' equity increased significantly to 1,530,804,000 in 2023 compared to 1,186,590,000 in the previous year, a growth rate of

29%. Partially attributed to the successful integration with Inma'a Tokyo Marine for insurance, strong technical reserves are maintained, demonstrating our commitment to financial stability and the security of insurance documents.

Looking Forward

Arab Shield will continue to focus on improving the diversity of its investment portfolio, proactive expense management, and exploring new investment opportunities to ensure continued growth and profitability next year.

Summary of Financial Results of Insurance Operations

Thousands of Saudi Riyals	2023	2022	Change	Percentage
Gross premiums underwritten	1,106,285	1,106,285	548,119	%98.20
Net premiums underwritten	757,068	757,068	366,258	93.72%
Gross premiums earned	1,027,906	1,027,906	469,197	83.98%
Net premiums earned	679,005	679,005	317,811	87.99%
Earned commission income	35,070	35,070	(877)	(2.44%)
Net claims incurred	(471,714)	(471,714)	(187,741)	66.11%
(Net other underwriting income/(expenses	(144,853)	(144,853)	(113,674)	364.59%
Net underwriting results	97,508	97,508	15,519	18.93%
Insurance operating expenses	(80,369)	(80,369)	(29,403)	57.69%
Provision for bad and doubtful debts	2,866	2,866	8,744	(148.76%)
Surplus/(deficit) from insurance operations before bank deposit commissions	20,005	20,005	(5,140)	(20.44%)
Bank deposit commissions	8,805	8,805	5,258	148.24%
Surplus/(deficit) from insurance operations	28,810	28,810	118	0.41%
Shareholders' provision from surplus	(25,929)	(25,929)	(106)	0.41%
Surplus after shareholders' allowance	2,881	2,881	12	0.42%

Summary of Financial Results of Shareholders' Operations

Thousands of Saudi Riyals	2023	2022	Change	Percentage
Shareholders' allocations from surplus	25,929	25,929	106	0.41%
Income from commissions and investments	31,631	31,631	10,433	49.22%
Total income	57,560	57,560	10,539	22.41%
Shareholders' operating expenses	(11,009)	(11,009)	(2,700)	25.93%
Income before Zakat and Income Tax	46,551	46,551	7,839	21.41%
Zakat	(18,492)	(18,492)	(7,286)	75.01%
Income tax	(139)	(139)	426	(57.49%)
Income/(loss) for the year	27,920	27,920	979	3.74%
Net change in unrealised fair value of investments	1,849	1,849	1,193	182%
Total comprehensive income/(loss) for the year	29,769	29,769	2,172	8.10%

Geographical Distribution (of Revenues in Thousands of Saudi Riyals)

Province	2023	2022	2021
Central	583,499	583,499	443,292
Eastern	91,769	91,769	74,805
Western	419,747	419,747	37,499

Southern	1,042	1,042	700
Northern	10,228	10,228	1,870
المجموع	1,297,129	1,106,285	558,166

Summary of Operations Analysis per Insurance Product for 2023

Thousands of Saudi Riyals	Vehicles	Medical	Property and Accidents	Protection and Savings	Total
Gross premiums underwritten	128,571	459,468	96,146	422,100	1,106,285
Net premiums underwritten	76,085	459,468	7,435	214,080	757,068
Gross premiums earned	107,618	398,055	99,598	422,635	1,027,906
Net premiums earned	59,578	398,055	7,090	214,282	679,005
Earned commission income	9,267	0	21,516	4,287	35,070
Net claims incurred	(56,309)	(370,660)	(995)	(43,750)	(471,714)
(Net other underwriting income)/(expenses)	(5,995)	(10,438)	(7,269)	(121,151)	(144,853)
Net underwriting results	6,541	16,957	20,342	53,668	97,508

Summary of Operations Analysis per Insurance Product for 2022

Thousands of Saudi Riyals	Vehicles	Medical	Property and Accidents	Protection and Savings	Total
Gross premiums underwritten	128,571	459,468	96,146	422,100	1,106,285
Net premiums underwritten	76,085	459,468	7,435	214,080	757,068
Gross premiums earned	107,618	398,055	99,598	422,635	1,027,906

Net premiums earned	59,578	398,055	7,090	214,282	679,005
Earned commission income	9,267	0	21,516	4,287	35,070
Net claims incurred	(56,309)	(370,660)	(995)	(43,750)	(471,714)
(Net other underwriting income/(expenses	(5,995)	(10,438)	(7,269)	(121,151)	(144,853)
Net underwriting results	6,541	16,957	20,342	53,668	97,508

Summary of Assets, Liabilities and Results for the Past Five Financial Years

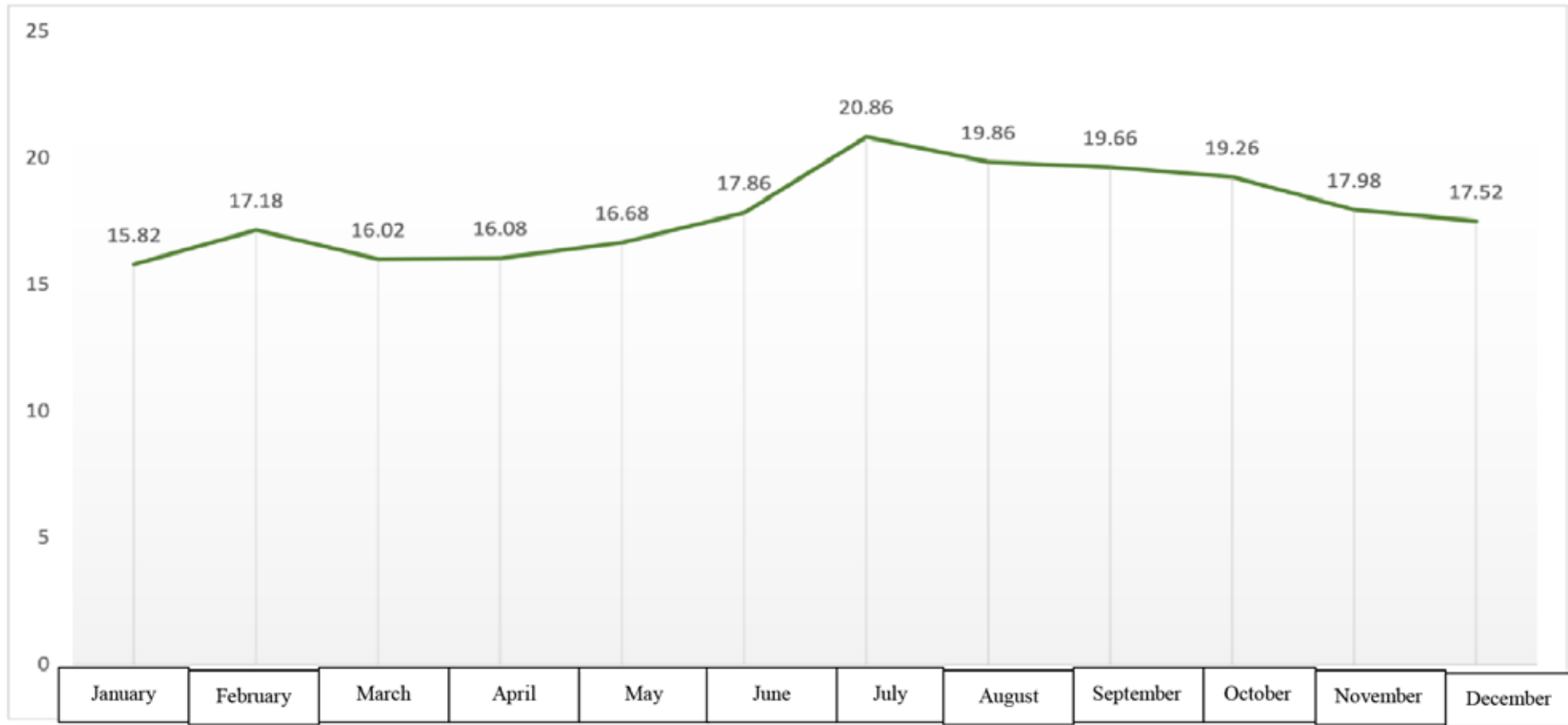
The table below is based on extracts from the financial statements for the year ended 31 December 2023 and the previous four years.

Thousands of Saudi Riyals	2023	2022 By standard IFRS 17	2021	2021	2020
Insurance operations					
Total assets	1,503,176	1,503,176	610,787	702,466	633,971
Total liabilities	1,475,700	1,475,700	608,427	697,896	631,274
Accumulated surplus on insurance operations	28,894	28,894	5,120	4,570	2,697
Gross premiums underwritten	1,106,285	1,106,285	558,166	552,708	543,717
Net premiums underwritten	757,068	757,068	390,810	336,993	357,974
Gross premiums earned	1,027,906	1,027,906	558,709	529,634	597,380
Net premiums earned	679,005	679,005	361,194	349,011	414,688
(Net underwriting income/(loss	97,508	97,508	81,989	87,592	36,089

Bank deposit commissions	8,805	8,805	3,547	3,322	7,039
Surplus/(deficit) from insurance operations	28,810	28,810	28,692	31,385	-1,346
Shareholders' share of surplus	-25,929	-25,929	-25,823	-28,247	1,346
Surplus after shareholders' equity	2,881	2,881	2,869	3,138	0
Shareholder Operations					
Total assets	1,175,459	1,175,459	537,835	506,099	474,662
Total liabilities	61,155	61,155	46,362	44,195	37,003
Total shareholders' equity	1,114,304	1,114,304	491,473	461,904	437,659
Shareholders' share of surplus from insurance operations	25,929	25,929	25,823	28,247	-1,346
Commission and investment income	31,631	31,631	21,198	18,085	20,489
Operating income/(loss) for the year before Zakat and income tax	46,551	46,551	36,607	43,602	16,941
Zakat provision	-18,492	-18,492	-9,713	-11,321	-9,513
Provision for income tax	-139	-139	-741	-624	-164
Income / ((loss) for the year	27,920	27,920	26,153	31,657	7,264
Earnings per share	0.44	0.44	0.65	0.79	0.18
Net change in unrealised fair value of investments	1,849	1,849	656	-7,412	2,710
Comprehensive income/(loss) for the year	29,769	29,769	26,809	24,245	9,974

Arabian Shield Share Performance in 2023

January	February	March	April	May	June	July	August	September	October	November	December
15.82	17.18	16.02	16.08	16.68	17.86	20.86	19.86	19.66	19.26	17.98	17.52







**Merger with
Alinma Tokyo
Marine**

05

Merger with Alinma Tokyo Marine

594,404 SAR

The purchase price has been set at an amount of 594,404, composed of the issuance of 23,852,462 new shares for the shareholders of Al-Ahli Takaful Company

“The fair value of the newly issued shares for the company is determined based on the market closing price of ordinary shares, which was 24.92 Saudi Riyals per share in trading on the last trading date before the acquisition date on January 12, 2022. The direct issuance costs related to issuing the shares were not significant. As a result, the capital and ownership rights premium were increased by 238,525 and 355,879 respectively.

The executive management conducted a comprehensive assessment to allocate the purchase price where the allocated amounts could be concluded. Following the application of the purchase price allocation methodology, the recognized goodwill of 352,398 was divided between intangible assets and goodwill amounting to 34,244 and 318,154 respectively. The aforementioned reviews are within the measurement period mentioned above.

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The International Accounting Standard (IAS) 38 stipulates that if an entity can demonstrate its ability to control the economic benefits of non-contractual relationships, these relationships with customers are considered separable relationships and can be recognized as intangible assets.

Historically, the Ahli Takaful customer base has contributed to generating steady revenue for the company through various insurance agreements. Therefore, the relationship was considered an intangible relationship with customers.

Customer relationships reflect the value derived from expected future premium payments from insurance contracts with the current customer base. Customers are categorized into group and individual customers based on their lifespan due to differences in attrition rates, total production, written premiums per customer, and portfolio profit margin. The management utilized the ‘multi-period excess earnings method’ to evaluate the relationship with the customer and considered it akin to the productive lifespan:

- Thirteen (13) years for group life insurance.

- Twelve (12) years for individual life insurance..

The acquired reputation will be reviewed through consolidating the operations annually and determining the redeemable amount for the cash-generating unit (or group of cash-generating units) to which the reputation pertains.

In accordance with International Accounting Standard 36, the fair value of an asset or cash-generating unit is impaired if its carrying amount exceeds the recoverable amount, which is higher than its fair value less costs of disposal and its value in use.

IAS 36 defines a cash-generating unit for an asset as the smallest identifiable group of assets that generates cash inflows largely independent of cash inflows from other assets or asset groups. Each cash-generating unit or group of cash-generating units to which goodwill is allocated should represent:

- (1) The lowest level within the entity at which the goodwill is monitored for internal management purposes; and
- (2) Not be larger than an operating segment (IAS 8.5).

For the purpose of assessing impairment, the cash-generating units of the company were determined to be four (4) primary operating segments: motor, medical, property and casualty, and savings.

The redeemable amount for cash-generating units was determined

based on the calculation of the value in use using cash flow projections covering a three (3)-year period by applying the terminal growth rate thereafter. The calculation of the value in use in cash-generating units is most sensitive to the following assumptions:

Future available cash flows from operations.

Weighted average cost of capital at 10.80%.

Terminal growth rate at 3%.

Based on the assessment of the current impairment, the reputation did not decrease as of December 31st 2023. Future available cash flows from operations.

Weighted average cost of capital at 10.80%.

Terminal growth rate at 3%.

Based on the assessment of the current impairment, the reputation did not decrease as of December 31st 2023.



**Merger with
Alinma Tokyo
Marine**

06

Merger with Alinma Tokyo Marine

Businesses are constantly evolving, and one of the ways successful companies adapt to economic changes is through mergers and acquisitions. Building on its previous successful merger with Al Ahli Takaful, Arabian Shield has taken another important step towards expansion and growth in the insurance industry by merging with Alinma Tokio Marine. This successful merger has taken both companies to new horizons in the insurance industry, with the resulting combination expanding their market presence, service offerings, technological capabilities and risk management strategies. The merger is a shining example of how collaboration and strategic alignment can lead to success in an ever-changing business landscape.

Capital

The Company's share capital amounted to a total of SAR (798,152,950) divided into (79,815,295) ordinary shares, with Alinma Tokio shareholders holding (15,962,833) shares representing (20%) of the increased share capital. The new shares were issued for the benefit of eligible Alinma Tokio shareholders, subject to the cancellation of Alinma Tokio's shares listed on the Saudi Stock Exchange (Tadawul) and the transfer of all assets and liabilities of Alinma Tokio to Arabian Shield, in accordance with the provisions of Article 229 of the Companies Law.

Sale of Fractional Shares

The fractional shares resulting from the capital increase resulting from the merger with Alinma Tokyo were sold and the proceeds were credited to the bank accounts of eligible shareholders.

Sale of Fractional Shares

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Strategic Plan 2024 – 2027:

The Board of Directors agreed in April 2023 to engage an external consulting firm to develop the company's strategic plan for the years 2024 – 2027 in collaboration with the management. Ernest & Young was formally appointed by the board following a comprehensive technical and commercial evaluation of the proposals submitted by selected consultants.

The strategic plan for the years 2024 - 2027 was presented to the board on December 25, 2023, and the revised version was officially approved on March 10, 2024, paving the way for the company's operational and financial ambitions in the coming years, in full alignment with the Kingdom's announced targets for the insurance sector in the Saudi Vision 2030 as part of the concluded stage in 2027.

The plan focuses on raising operational standards and enhancing the technological landscape to reinforce its position as a leading player in the growing Saudi insurance market. The board approved the plan's milestones and monitoring mechanism to ensure the successful implementation of the proposed objectives and goals.

The company applied the following new standards / International Financial Reporting Interpretations Committee (IFRIC) interpretations, including any subsequent amendments to other standards, effective from January 1, 2023. These standards brought about significant changes in the accounting treatment of insurance contracts, reinsurance, and financial instruments:

International Financial Reporting Standard (IFRS) 17 "Insurance Contracts"

International Financial Reporting Standard (IFRS) 9 "Financial Instruments"

These new standards represent a comprehensive transformation in the presentation of the company's financial data, detailing the nature and impacts of the key changes in the company's accounting policies prepared in accordance with IFRS 9 and 17 disclosures in the financial statements published for the year ended December 31, 2023.

Sustainability and Social Responsibility

Social Responsibility Projects:

Arabian Shield Cooperative Insurance Company implements multiple projects and programs as part of social responsibility, including supporting local communities, promoting education, health, the environment and supporting disadvantaged groups.

The Company's impact on society and the environment:

Arabian Shield Cooperative Insurance Company is interested in assessing its impact on society and the environment, and works to improve this impact by implementing sustainable policies and programs and reducing the environmental footprint of its operations and activities.

Social Contributions for 2023		
Initiative / Entity	Description	Total
MAKARIM	· Gift Sponsoring and Support for Hajj Pilgrims	50
Health Charitable Association (Inaya)	· Contribute to reducing Motor insurance rates for the association's members	19
total		69

Risks

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

The Company's policy is reflected in the governance of a variety of set policies, procedures and controls in place.

The ultimate level of risk governance is the focused oversight of the Board of Directors, which provides the necessary guidance and approvals.

The Company continuously reviews and updates its risk appetite framework and risk appetite statement to manage and control risk exposure.

Operational risk is the risk of loss resulting from systems failure, control failure, fraud and human error that may result in financial loss, loss of reputation and resulting legal consequences.

The management mitigates operational risks through appropriate controls, segregation of duties and internal controls.

With the support of the Internal Auditor and Compliance Officer, the Audit Committee continuously reviews and monitors the Company's activities.

The Company's operations are subject to regulatory requirements in the Kingdom of Saudi Arabia.

These requirements not only require monitoring and approval, but also impose certain restrictive provisions, e.g. capital adequacy to minimize the risk of default or insolvency and to meet unforeseen requirements.

The main risks to which the Company is exposed and their mitigating factors:

Insurance Risk

Insurance risk is the risk that actual claims due to policyholders in respect of insured events exceed the book value of the insurance liabilities. Insurance risk is currently impacted by the exceptionally competitive nature of the market and the increase in the number and value of claims, particularly automotive and medical claims whose costs have risen significantly.

Careful risk assessment through the implementation of an effective underwriting and pricing strategy, coupled with the use of reinsurance, minimizes insurance risk. Diversification and the short-term nature of insurance policies also mitigate this risk.

Reinsurance Risk

In the normal course of business, the Company reinsures with other entities to minimize its exposure to financial losses that may arise from large insurance claims. Although the Company has reinsurance agreements, the Company is not relieved of its direct obligations to policyholders if the reinsurers do not fulfill their obligations.

Reinsurers are selected on the basis of certain criteria such as minimum

acceptable credit rating, reputation and past performance. To minimize its exposure to significant losses, the Company periodically assesses the financial condition of its reinsurers.

Credit Risk

Credit risk is the inability of one party to fulfill its obligations in a financial contract, resulting in financial loss to the other party. The Company seeks to minimize credit risk for customers, agents and brokers by continuously monitoring outstanding receivables and establishing safe credit limits. For time deposits with banks, the Company deals with reputable banks and its deposits are usually pegged for a period of not more than three months. Reinsurers must be rated at a minimum acceptable level of security that emphasizes their financial strength.

Currency Risk

Variations in the value of a financial instrument as a result of fluctuations in currency exchange rates are a risk. The Company believes that the risk of significant losses due to exchange rate fluctuations is limited as it deals mainly in Saudi Riyals and the amounts of balances held in other currencies at any point in time are not material.

Interest Rate Fluctuation and Investment Risks

Interest rate risk arises from the possibility of changes

in interest rates. This risk is minimized as investments are typically at fixed interest rates, while deposits are typically held for periods not exceeding three months. Investment risk is mitigated by focusing on relatively low-risk investments within a diversified portfolio.

Liquidity Risk

This is the risk that the Company will not be able to meet its financial obligations as they fall due. To mitigate the risk of these liquidity requirements, they are monitored on a monthly basis to ensure that the Company has sufficient liquidity to meet its obligations.

Employee Risk

The Company is exposed to the risk of high competition for labor with key insurance skills available in the market and suffers from high staff turnover.



Governance

07

Governance

Arabian Shield Cooperative Insurance Company's Board members have extensive experience and strategic insight, enabling them to efficiently guide the Company's strategic development. They play a key role in the decision-making and voting processes, taking into account the strategic alignment between the Company's operational efficiency and its ambitious goals, as well as meeting stakeholder expectations accurately and effectively..

Members of the Board of Directors

Name	Position	Classification	Qualifications	Relevant Experience
Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	Chairman of the Board of Directors	Non-executive	Bachelor of Administrative Sciences	12 years
Samir Al Wazzan	Vice Chairman	Non-executive	Bachelor of Engineering	40 years
Abdullah Al Obeikan	Member	Non-executive	Bachelor of Engineering	32 years
Turki Al Mutawa	Member	Non-executive	Bachelor of Business and Marketing	12 years
Saud Bajbair	Member	Non-executive	Bachelor of Industrial Engineering	20 years
Mohammed Ali	Member	Independent	Bachelor of Management Science	22 years
Abdullah Al Mishaal	Member	Independent	Bachelor of Law	13 years
Raed Al Saif	Member	Independent	Bachelor of Administrative Sciences	17 years
Abdulaziz Saeed	Secretary	Executive	Bachelor of Law, Master of Law	10 years

The main duties and responsibilities of the Board of Directors are as follows:

Adopting strategic plans and key objectives for the company and overseeing their implementation.

- Developing and updating comprehensive strategies and policies related to risk management and ensuring their implementation.
- Ensuring the integrity of financial and accounting procedures and preparing financial reports.
- Determining the appropriate capital structure and financial objectives, and approving budgets and capital expenditures.
- Setting performance goals and overseeing their implementation.
- Reviewing and approving the company's organizational and functional

structures.

- Establishing a written policy regarding conflicts of interest for board members, key executive officers, and shareholders.
- Approving the company's governance system, including internal control policies and systems, and supervising and annually assessing their effectiveness, amending them as necessary.
- Approving rules of conduct for executive officers and employees of the company in accordance with appropriate professional and ethical standards to protect the rights of stakeholders and relationships with stakeholders, including resolving complaints or disputes arising and protecting relevant confidential information.

The performance evaluation methodology applied by the Board of Directors:

The Nomination and Remuneration Committee has developed evaluation processes to assess the performance of the Board of Directors and its committees, as well as the Secretary of the Board of Directors. No external evaluation of the Board of Directors was conducted in 2023. This evaluation will be conducted after the end of the current term. The company's policy regarding the compensation of Board members, the Board Secretary, committees, and key executive officers is being developed by the Nomination and Remuneration Committee And it gets approved by the Board of Directors.

The main features of the current policy are:

- Adherence to the bylaws that specify the maximum and minimum amounts.
- Proposing annual bonuses for the Board of Directors, committees, and the Secretary of the Board for approval by the Board and presenting them to the General Assembly for final approval and disbursement.
- Proposing the CEO's bonus for approval by the Board.
- Ensuring that the compensation of the top executive directors aligns with the company's compensation policy.

Board of Directors Meetings

Name	Position	Meetings and Attendance in 2023				
		31 January	11 April	14 June	25 December	Total
Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	Chairman of the Board of Directors	✓	✓	✓	✓	✓
Samir Al Wazzan	Vice Chairman	✓	✓	✓	✓	✓
Abdullah Al Obeikan	Member	✓	✓	✓	✓	✓
Raed Al Saif	Member	✓	✓	✓	✓	✓
Mohammed Ali	Member	✓	✓	✓	✓	✓
Turki Al Mutawa	Member	✓	✓	✓	✓	✓
Abdullah Al Mishaal	Member	✓	✓	✓	✓	✓
Saud Bajbair	Member	✓	✓	✓	✓	✓

Committees of the Board of Directors:

1 - Audit Committee

The Committee was appointed by the Board of Directors of the Company for a period of three years commencing on 11 September 2022 and ending on 10 September 2025.

S/N	Name	Position
1	Mohammed Ali	Chairman of the Committee
2	Lotfi Shehadeh	Member
3	Fahad Al-Qahtani	Member

Key Tasks and Responsibilities of the Audit Committee:

- Ensure compliance with applicable laws and regulations through the Compliance Officer and Internal and External Auditors.
- Review the annual and interim financial statements and check whether they are complete and consistent with the information known to the members of the Committee and reflect appropriate accounting principles.
- Periodically review the approved financial and accounting policies and provide feedback and recommendations thereon to the Board of Directors.
- Review the adequacy and integrity of internal control systems.
- Review internal audit plans and progress reports, discuss reports arising from internal audit reviews and management's response, and evaluate the implementation of agreed action plans.
- Recommend to the Board of Directors the appointment, reappointment, removal, resignation and dismissal of the External Auditors.
- Review the results and reports of the external auditors to ensure that appropriate and prompt corrective actions are taken on all deficiencies.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigations and follow-up (including disciplinary action) for any non-compliances.
- Provide regular reports to the Board of Directors on the Committee's activities, issues and recommendations.

Audit Committee Meetings:

Name	Position	Meetings and Attendance in 2023												
		23 January	02 March	07 March	09 March	15 March	22 March	12 April	17 May	13 June	03 August	01 November	07 December	Total
Mohammed Ali	Chairman of the Committee	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Lotfi Shehadeh	Member	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	11
Fahad Al-Qahtani	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12

Audit Committee's Report on the Effectiveness of Internal Controls:

The annual audit and quarterly reviews conducted by the external auditors found the internal control procedures to be effective. There were no material modifications to the annual audit or quarterly review required for any of the financial statements and no material weaknesses in internal controls were reported. This finding provides assurance that the applicable internal control procedures are appropriate and effective in view of the Company's size and current operations, thus ensuring the accuracy of financial reporting and compliance with internal policies, controls and regulations.

The Internal Audit Department successfully completed the audit program and reviews contained in the audit plan agreed upon and supervised by the Audit Committee.

No material issues relating to the effectiveness of internal control procedures were reported to the Audit Committee.

Recommendation of the Audit Committee to appoint an internal auditor: As the Company has an existing internal audit department, it was not necessary for the Audit Committee to make a recommendation in this regard in 2023.

Audit Committee Reports:

- No report was received from the Audit Committee during 2023 regarding any conflict between the Board of Directors and the Audit Committee with respect to the decisions made by either of them.
- No report was received from the Audit Committee during 2023 in respect of any rejection by the Board of Directors of the recommendation of the Audit Committee to appoint or terminate the External Auditors or to approve their fees.
- All recommendations made by the Audit Committee during 2023 were accepted and approved by the Board of Directors.
-
- The Audit Committee has reviewed all the financial statements issued during 2023 and forwarded them to the Board of Directors for approval.
-

2 - Nomination and Remuneration Committee

The Committee was appointed by the Board of Directors of the Company for a period of three years commencing on 11 September 2022 and ending on 10 September 2025.

Nomination and Remuneration Committee Members:

S/R	Name	Position
1	Mohammed Ali	Chairman of the Committee
2	Samir Al Wazzan	Member
3	Taha Al Azhari	Member

Key Functions and Responsibilities of the Nomination and Remuneration Committee:

- Recommend to the Board of Directors appointments to the Board of Directors in accordance with the approved policies and criteria.
- Annually review the appropriate skill requirements for Board membership and prepare a description of the abilities and qualifications required for such membership, including, inter alia, the amount of time a director should devote to Board activities.
- Review the board structure and recommend changes.
- Identify the strengths and weaknesses of the Board of Directors and recommend ways to address them.
- Ensure on an annual basis the independence of the independent directors and the absence of conflicts of interest if one of the directors serves as a board member of another company.
- Establish clear policies regarding the compensation and remuneration of the board members, committees and executive management. These policies take into account performance-related criteria.

Nomination and Remuneration Committee Meetings :

Name	Position	Meetings and Attendance in 2023			
		19 February	04 April	30 October	Total
Mohammed Ali	Chairman of the Committee	Present	Present	Present	3
Samir Al Wazzan	Member	Present	Present	Present	3
Taha Al Azhari	Member	Present	Present	Present	3

3 - Investment Committee

The Committee was appointed by the Board of Directors of the Company for a period of three years commencing on 11 September 2022 and ending on 10 September 2025.

S/N	Name	Position
1	Raed Al Saif	Chairman of the Committee
2	Salman Al-Sudairy	Salman Al-Sudairy
3	Abdullah Al Mishaal	Member

Key Tasks and Responsibilities of the Investment Committee:

- Define the Company's investment objectives.
- Formulate the Company's investment policy.
- Ensure that the investment policy is approved by the Saudi Arabian Monetary Authority (SAMA).
- Choose between internal and external investment management.
- Ensure that all investments comply with legal restrictions.
- Approve specific investments.
- Delegate authority as appropriate.
- Review investment performance.

Investment Committee Meetings

Name	Position	Meetings and Attendance in 2023			
		08 Feb	11 May	26 September	Total
Raed Al Saif	Chairman of the Committee	Present	Present	Present	3
Salman Al-Sudairy	Member	Present	Present	Present	3
Abdullah Al Mishaal	Member	Present	Present	Present	3

4 - Risk Committee

The Committee was appointed by the Board of Directors of the Company for a period of three years commencing on 11 September 2022 and ending on 10 September 2025.

S/N	Name	Position
1	Saud Bajbair	Chairman of the Committee
2	Turki Al Mutawa	Member
3	Taha Al Azhari	Member

Key Functions and Responsibilities of the Risk Committee

- Define a comprehensive risk management strategy and oversee its implementation.
- Regularly review and update the risk management strategy taking into account internal and external developments.
- Regularly reassess risk appetite and exposure and incorporate stress testing techniques.
- Identify risks that may put the business at risk and ensure that an ac-

ceptable level of risk is maintained at all times.

- Continuously oversee risk management systems and assess their effectiveness.
- Regularly review, update and amend risk management policies.
- Report to the Board of Directors the details of major risk exposures and any new risks and recommend actions to manage them.
- Advise the Board of Directors on all risk management matters.

Risk Committee Meetings

Name	Position	Meetings and Attendance in 2023		
		18 July	20 December	Total
Saud Bajbair	Chairman of the Committee	Present	Present	2
Turki Al Mutawa	Member	Present	Present	1
Taha Al Azhari	Member	Present	Present	2

4 - Executive Committee

The Committee was appointed by the Board of Directors of the Company for a period of three years commencing on 11 September 2022 and ending on 10 September 2025.

S/N	Name	Position
2	Raed Al Saif	Member
3	Salman Al-Sudairy	Member
4	Saud Bajbair	Member

Key Tasks and Responsibilities of the Executive Committee

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

Executive Committee Meetings

Name	Position	Meetings and Attendance in 2023				Total
		02 March	09 March	30 November	12 December	
Samir Al Wazzan	Chairman of the Committee	Present	Present	Present	Present	4
Raed Al Saif	Member	Present	Present	Present	Present	4
Salman Al-Sudairy	Member	Present	Present	Present	Present	4
Saud Bajbair	Member	Present	Present	Present	Present	4

Company Executive Management

S/N	Name	Position	Qualifications	Relevant Experience
1	Mr. Basil Al-Abdulkarim	CEO	Bachelor of Computer Engineering, MBA Management Information Systems, Master of Engineering Management, Certificate. CII	years 12
2	Mr. Kentaro Keita	Deputy CEO and Chief Technology Officer	Master of Business Administration	years 5
3	Mr. Mohamed Atef	Chief Financial Officer	Bachelor of Business Administration, Master of Finance	years 17
4	Mr. Siraj Jamal	DCFO	Bachelor of Accounting	years 9
5	Mr. Mohammed Ahmed	General Insurance Manager	Bachelor of Science/Mathematics	years 14
6	Mr. Mohammed Al Shammari	Sales Manager	Bachelor of Geography	years 18
7	Mr. Othman Alsufyani	Director of Automotive Insurance	Diploma - Insurance	years 11
8	Mr. Abdullah Kerbelo	Strategy and Digital Transformation Manager	Bachelor of Technical Sciences	
9	Mr. Abdullah Al-Ghamdi	Chief Information Technology Officer	Master of Computer and Information Science	years 4
10	Mr. Musa Al Sheikh	Head of Insurance	Bachelor of Economics + FLMI	years 30
11	Ms. Rola Al Rayahi	Head of Compliance and Anti-Money Laundering	Bachelor of Business Administration	years 8
12	Ms. Nujood Al Qahtani	Head of Internal Audit	Bachelor of Business Administration, Master of Finance	year 1
13	Mr. Mohammed Qureshi	Actuary	Bachelor of Actuarial	
14	Mr. Rayan Al Kathlan	Acting Head of Risk Management	Dip CII, Bachelor of Business Administration	years 5
15	Ms. Shaikha Al Suleim	Head of Human Resources	Human Resource Management, Bachelor, King Saud University	years 4
16	Mr. Mohammed Al Mutairi	Head of Medical	Business Administration, Bachelor, King Faisal University	years 7
17	Ms. Kholoud Awad	Head of Customer Service	Professional Qualifications in Insurance	
18	Mr. Abdulaziz Saeed	Head of Governance and Compliance	Bachelor of Law, Master of Laws	years 10

Remuneration of Board Members, Committee Members and Senior Executives

	Fixed Remuneration					Variable Remuneration						Severance Benefits	Grand Total
	Fixed amount	Attendance allowance for board meetings	Attendance allowance for committee meetings	Remuneration for technical, administrative and consultancy work	Total	Periodic remuneration	Dividends	Incentive plans	Long-term incentive plans	Granted shares	Total		
H.H. Prince Naif bin Sultan bin Saud Al Kabeer - Chairman	125	25	0	0	150	0	0	0	0	0	0	0	150
Mr. Samir Al Wazzan - Vice Chairman	125	20	151	0	296	0	0	0	0	0	0	0	296
Mr. Abdullah Al Obeikan	125	25	151	0	301	0	0	0	0	0	0	0	301
Mr. Mohammed Ali	125	25	179	0	329	0	0	0	0	0	0	0	329
Mr Turki Al Mutawa	125	15	122	0	262	0	0	0	0	0	0	0	262
Mr Raed Al Saif	125	25	167	0	317	0	0	0	0	0	0	0	317
Total	750	135	770		1,655	0	0	0	0	0	0	0	1,655

Mr Abdulaziz Saeed - Secretary	70	0	45		115	0	0	0	0	0	0	0	115
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Remuneration of Committee Members

	Member of the Board of Directors	Fixed remuneration for the committee (excluding board meeting attendance allowance)	Committee Meeting Attendance Fee	Total
Executive Committee Members				
Mr. Abdullah Al Obeikan – Chairman	Yes	80	18	98
Mr. Samir Al Wazzan	Yes	80	15	95
Mr. Raed Al Saif	Yes	80	18	98
Mr. Salman Al-Sudairy	No	80	15	95
Total		320	66	386
المجموع		306	60	366
Investment Committee Members				
Mr. Raed Al Saif – Chairman	Yes	60	9	69
Mr. Turki Al Mutawa	Yes	60	9	69
Mr. Salman Al-Sudairy	No	60	9	69
Total		180	27	207
المجموع		170	27	197
Audit Committee Members				
Mr. Mohammed Ali – Chairman	Yes	90	30	120
Mr. Majid Qwaidar	No	80	30	110
Mr. Lotfi Shehadeh	No	80	30	110
Total		250	90	340
Nomination and Remuneration Committee Members				
Mr. Samir Al Wazzan	نعم	50	9	59

	Member of the Board of Directors	Fixed remuneration for the committee (excluding board meeting attendance allowance)	Committee Meeting Attendance Fee	Total
Mr. Samir Al Wazzan – Chairman	Yes	50	6	56
Mr. Taha Al Azhari	No	50	9	59
Total		150	24	174
Risk Committee Members				
Mr. Abdullah Al Obeikan – Chairman	Yes	50	3	53
Mr. Taha Al Azhari	No	50	3	53
Mr. Turki Al Mutawa	Yes	50	3	53
	نعم	50	6	56
		141	18	159
Total		150	9	159

Senior Executive Remuneration

Key executives refers to the CEO, CFO, and the other three most highly paid executives. (In thousands of Riyals)

Salaries	4,662
Allowances	1,302
Periodic and annual bonuses	870
Incentive plans	0
Any other monthly or annual compensation or benefits in kind	163
Total	6,997

The Company is obliged to disclose the total remuneration of the Senior Executive Management in accordance with the requirements of Article 93(4-b) of

the Corporate Governance Rules. In order to safeguard the interests of the Company, its shareholders and employees, and to avoid any prejudice that may result from the disclosure of details by job titles and positions, the description of remuneration is not presented in accordance with Appendix (1) Remuneration Table of the Corporate Governance Rules relating to Senior Executives.

General Assembly of Shareholders Meetings

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

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

Dates and attendees of the General Assembly meetings held in 2023		
Member of the Board of Directors	Annual General Assembly on 14 June 2023	Annual General Assembly on 24 October 2023
H.H. Prince Naif bin Sultan bin Saud Al Kabeer - Chairman	Present	Present
Mr. Samir Al Wazzan - Vice Chairman	Present	Present
Mr. Abdullah Al Obeikan	Present	Present
Mr. Raed Al Saif	Present	Present
Mr. Mohammed Ali	Present	Present

Entities in which the board member serves as a member of the board of directors

H.H. Prince Naif bin Sultan bin Saud Al Kabeer	<ul style="list-style-type: none"> · Chairman of the Board of Directors of Zain · Board of Directors of Sultan Holding Company · Board of Directors of Almarai · Board of Tajouri · Board of Directors of the Saudi Yamama Cement · Board of Directors of Farabi Petrochemicals 	<ul style="list-style-type: none"> · Board of Directors of Kuwait China Investment Company · Board of Directors of Kuwait China Investment Company · Board of Directors of Tarabot Investment & Development Company · Board of Directors of Dar Al Selal Factory Company · Board of Directors of Al Nafoura Food Company · Board of Directors of Diplomat Sweets & Pastries Manufacturing Company
Mr. Samir Al Wazzan - Vice Chairman	<ul style="list-style-type: none"> · Bahrain National Holding Company Management · National Financing House Board of Directors and Management 	<ul style="list-style-type: none"> · Board of Directors of United Insurance Company · Board of Directors of Al Kindi Specialised Hospital
Mr. Abdullah Al Obeikan	<ul style="list-style-type: none"> · Board of Directors of the Social Development Bank · Board of Directors of National Water Company · Board of Directors of Obeikan Investment Group · Board of Directors of SIG Combibloc · Board of Directors of Obeikan Glass Company · Board of Directors of the Saudi Yamama Cement 	<ul style="list-style-type: none"> · Company · Board of Directors of Modon · Board of Directors of National Industrial Development Center · Board of Directors of Dossor Company · Board of Directors of Sulaiman Al Rajhi Charitable Foundation
Mr. Turki Al Mutawa	<ul style="list-style-type: none"> · Board of Directors of Arabian Waterproofing Industries Company (AWAZEL) 	<ul style="list-style-type: none"> · Samama Group Board of Directors and Management
Mr. Mohammed Ali	<ul style="list-style-type: none"> · Haboob Telecoms Department. Information Technology Department 	<ul style="list-style-type: none"> · Tamkeen HR Management
Mr./ Saud Bajbair	<ul style="list-style-type: none"> · Head of Banking Services Network at Saudi National Bank 	
Mr. Raed Al Saif	<ul style="list-style-type: none"> · ANBI Board of Directors · Zain Board of Directors · IBC Board of Directors · Board of Directors of Ideal Factory for Sweets & Bakeries · Board of Directors of Al Nafoura Catering Company 	<ul style="list-style-type: none"> · Board of Directors of Al Nafoura Restaurant · Board of Directors of Diplomat Sweets Manufacturing Company · Board of Directors of Diplomat Sweets Manufacturing Factory Company · Board of Directors of Dar Al Selal Factory

Unimplemented Governance Regulations

The Company has applied all applicable provisions stipulated by the Capital Market Authority (CMA) and the Corporate Governance Regulations issued by the Saudi Arabian Monetary Authority (SAMA) except for the following::

Article/Paragraph No.	Article/Paragraph Text	Reasons for Non-Application
Article 41/E	The Board of Directors shall arrange for an evaluation of its performance by a competent third party every three years.	Indicative article. The Board of Directors agreed to implement the necessary procedures to appoint an independent consultant to evaluate the current Board members after the end of the current session.
Article 85	<ul style="list-style-type: none"> · The Company shall establish programs to develop and encourage the engagement and performance of the Company's employees. In particular, the programs should include the following: · · Forming committees or organizing specialized workshops to listen to the views of the Company's employees and discuss issues and topics that are subject to important decisions. · · Establishing a system for granting the Company's shares or a percentage of the Company's profits and retirement programs to employees, and establishing a separate fund for this program. And · · Establishing social organizations for the benefit of the Company's employees. 	Indicative article
Article 87	The Ordinary General Assembly shall, upon the recommendation of the Board of Directors, establish a policy that ensures a balance between its objectives and those of the society for the purposes of developing the socio-economic conditions of the society.	Indicative article
Article 88	<ul style="list-style-type: none"> · The Board of Directors shall develop programs and identify methods to propose the company's social initiatives, which include: · · Develop indicators that link the Company's performance to its social initiatives and compare it with other companies engaged in similar activities. · · Disclose the Company's objectives in the field of social responsibility to its employees and increase their awareness and knowledge of social responsibility. · · Disclose the plans to achieve social responsibility in periodic reports on the Company's activities · · Develop awareness programs for the local community to inform them of the Company's social responsibility. 	Indicative article

Article 93/B	The disclosure contained in this Article and in the Board of Directors' report shall be in accordance with the attached tables.	The Company is obliged to disclose the total remuneration of the Senior Executive Management in accordance with the requirements of Article 93(4-b) of the Corporate Governance Rules. In order to safeguard the interests of the Company, its shareholders and employees, and to avoid any prejudice that may result from the disclosure of details by job titles and positions, the description of remuneration is not presented in accordance with Appendix (1) Remuneration Table of the Corporate Governance Rules relating to Senior Executives.
Article 95	If the Board of Directors forms a Corporate Governance Committee, it shall assign to it the powers stipulated in Article (Ninety-four) of these Regulations. This committee shall supervise all matters related to the implementation of corporate governance and submit its reports and recommendations to the Board of Directors at least annually.	Indicative article. The Compliance Department is responsible for ensuring the proper application of effective governance standards, under the direct supervision of the Audit Committee. An annual report is shared with the Board of Directors on the required governance standards. If the Company appoints a Governance Committee in the future, these responsibilities will be transferred to the Governance Committee.

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

Subject and reasons of the violation	Fiscal Year 2022		No. of Executive Decisions	Total amount of Fines SAR '000
	No. of Executive Decisions	Total amount of Fines SAR '000		
Violating SAMA's supervisory instructions	1	-	1	-
Violating SAMA's instructions for protecting clients	-	-	-	-
Violating SAMA's instructions for conducting due diligence in combating money laundering and terrorist financing	-	-	-	-
Violating instructions of CCHI	1	220	-	-
Violating instructions of CMA and other regulatory authorities	-	-	-	-

Annual Insurance Contracts with Related Parties for the Year 2023

Insurance Transactions and Balances (per thousand Riyals)

Related Party	Relationship	Gross Written Premiums	Waived installments	Received Commissions	Paid Commissions	Total Claims Paid	Waived Claims	Amounts due from	Amounts due to
Obeikan Investment Group	Partner	6,957	0	0	0	6,671	0	2,667	0
Saudi National Bank	Partner	264,541	0	0	0	275,425	0	26,665	0
Tokio Marine	Partner	0		3	0	0	0	0	3,686-
Alinma Bank	Partner	403	0	0	349	1,257	0	1,029	2,245-
Almarai Company	Controlled or significantly affected entity	188,602	0	0	0	136,231	0	991	1,758-
Obeikan Investment Group Companies	Controlled or significantly affected entity	25,779	0	0	0	11,541	0	4,948	1,900-
Samama Group Companies	Controlled or significantly affected entity	1,956	0	0	0	4,554	0	1,579	-276
		276-	0	0	0	3,992	0	666	-136
HRH Prince Sultan bin Mohammed bin Saud Al Kabeer Company	Controlled or significantly affected entity	4,681	0	0	0	3,992	0	666	136-
Bahrain National Holding Company	Controlled or significantly affected entity	0	191	37	0	0	0	0	3,324-

Yamama Cement Company	Controlled or significantly affected entity	15,702	0	0	0	10,401		7,603	0
Bassel Abdullah Al-Abdulkarim	Chief Executive Officer – CEO	3	0	0	0	0	0	0	0
Mr. Mohammed Atef Abdullatif	Chief Executive Officer – Chief Financial Officer	4	0	0	0	0	0	0	0
Mr. Mohamed Shafiq Ahmed	Chief Executive Officer – Technical Director	6	0	0	0	0	0	0	0
Mr. Abdulaziz Khalid Saeed	Board Secretary, CEO – Head of Compliance	1	0	0	0	0	0	0	0

Related Party	Relationship	Unit-related Investment	Unit-related Fees	Investment Portfolio - Shareholders	Portfolio Income - Shareholders	Marketing Agency Commission	Amounts due from	Amounts due to
NCB Capital	Controlled or significantly affected entity	537,361	3,430	292,477	13,784	0	0	0
Alinma Investment	Controlled or significantly affected entity	126,856	0	140,769	1,931	0	0	0
Al-Ahli Insurance Marketing Services Co. Ltd	Controlled or significantly affected entity	0	0	0	0	34	0	0

Regulatory Taxes, Charges and all legal fees

The following payments were made during the year 2023:

Fee Description	Paid to	Thousands of riyals
Tax freeze	Regulations of the Department of Zakat and Income	6,105

Zakat	Regulations of the Department of Zakat and Income	17,249
Income Tax	Regulations of the Department of Zakat and Income	962
(Value Added Tax (VAT	Regulations of the Department of Zakat and Income	66,717

Shareholder Register Applications

The Company's Applications for the register of shareholders and the dates and reasons for such requests

Sequence	Application Date	Application's Reasons
1	January 23	Company Procedures
2	March 09 / 13:11	Others
3	March 09 / 14:03	Others
4	March 09 / 14:04	Others
5	March 21	Company Procedures
6	August 04	Company Procedures
7	September 06	Company Procedures
8	September 09	Ordinary General Assembly
9	October 06	Company Procedures
10	November 21	Company Procedures
11	December 29	Ordinary General Assembly

Dividend Policy

The Articles of Association stipulate the basis for the distribution of shareholders' dividends as follows:

1. Deduction of Zakat and income tax required.
2. Deduction of (20%) of the net profit to form the legal reserve. The Ordinary General Assembly may suspend this deduction once the reserve reaches an amount equal to the total paid-up capital.
3. The Ordinary General Assembly may, upon the proposal of the Board of Directors, deduct a percentage of the annual net profit to form an additional reserve to be used for a specific purpose(s) or purposes as decided by the General Assembly.
4. A first payment of the remaining balance of not less than (5%) of the paid-up capital shall be distributed to the shareholders.
5. The remaining balance shall be distributed to the shareholders as a percentage of dividends or transferred to the retained earnings account.
6. The Board of Directors may approve a resolution to distribute periodic dividends to be deducted from the annual profits specified in paragraph (4) above in accordance with the regulations issued by the competent authorities.

The Board of Directors shall review the dividend policy annually taking into account factors such as profitability, financial condition including solvency, growth prospects, resulting capital requirements and shareholder returns.

The Board of Directors will submit to the General Assembly to be held in 2024 its recommendation to distribute a dividend for the year ended 31 December 2023.

Board of Directors Representations

The Board of Directors represents as follows::

- Proper books of accounts are maintained.
- The internal control system is properly established and effectively implemented.
- There are no material uncertainties about the Company's ability to continue on a going concern basis.
- From the date of incorporation to date, the Company has no subsidiaries or associates.
- No notice has been received from any party (other than directors, board secretary, board members, committee members, executive management and related parties) of ownership or interest in 5% or more of its shares or an increase or decrease in their interest by 1% or more of the total share capital.
- There are no agreements under which a member of the Company's Board of Directors or a senior executive officer of the Company waives any salary or compensation.
- There are no agreements or waivers whereby shareholders waive any rights to dividends.
- No cross-debt instrument has been issued.· There are no outstanding payment obligations and all statutory payments, i.e. Zakat, taxes or duties are paid.
- No conversion rights or subscription rights have been issued or granted under convertible debt instruments, contractual securities, convertible instruments or similar rights.
- Since the incorporation of the Company to date, the Company has not had any borrowings.
- No investment or income has been created for the benefit of employees.
- There have been no transactions on treasury shares.

- The internal audit report does not contain any reservations on the annual financial statements.
- No penalties, sanctions or controls have been imposed by any other regulatory, supervisory or judicial authority on the Company, the board of directors, board members, the board secretary, the committee, the committee members, the executive management or any other related party in respect of any matter relating to the Company during the year 2023.
- There were no transactions between the Company and any related party during the year 2023 other than transactions in the ordinary course of business.
- There was no recommendation by the Board of Directors to change the external auditor before the end of the current appointment period.
-
- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and other standards and versions adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA), collectively referred to as «IFRS», as adopted in the Kingdom of Saudi Arabia.
- The board acknowledges that there are no competing activities for the company or any of its branches or subsidiaries, which are pursued or were pursued by any member of the board of directors.

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Arabian Shield Insurance



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