

**Annual Report of**  
**The Board of Directors of Amana Cooperative Insurance**  
**Company for 2021**

The Board of Directors of Amana Cooperative Insurance Company is pleased to take this opportunity to thank all the company's employees and its valued shareholders and to present to the company's shareholders the annual report to the Board of Directors for the financial year ending on 12/31/2021 AD.

We would like to note that the report was prepared in accordance with the requirements of the Companies Law issued by the Ministry of Commerce and the governance regulations and instructions issued by the Capital Market Authority and the Saudi Central Bank.

Where the report reviews detailed information about the company's activities, achievements and business results during the year 2021.

Board of Directors

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## 1) Company Profile:

Amana Cooperative Insurance Company (Amana) is a public Saudi joint stock company established under Council of Ministers of Saudi Arabia No. 188 dated 06/08/1430H corresponding 06/01/2009G and Royal Decree No. M / 35 issued on 06/10/1430H corresponding 06/03/2009G to approve the establishment of the company in accordance with the Companies Law issued by Royal Decree No. M / 6 dated 03/22/1385H, and the Cooperative Insurance Companies Control Regulations issued by Royal Decree No. M / 32 dated 06/02/1424H and its implementing regulations issued by Ministerial Resolution No. 1/596 dated 03/01/1425H. With a paid-in capital of 320 million Saudi riyals, 40% of the capital was offered for initial public subscription on 03/22/2010G, and Amana obtained the license of general and health insurance activities from the Saudi Central Bank No. On 07/24/1431 AH corresponding to 06/07/2010 AD.

The company's capital was reduced to 140 million Saudi riyals in accordance with the decision of the Extraordinary General Assembly held on February 19, 2017G. The company also increased its capital to 240 million Saudi riyals, in accordance with the resolution of the Extraordinary General Assembly held on 28/01/2019G. Then, it reduced its capital from 240 million Saudi riyals to 130 million Saudi riyals, in accordance with the resolution of the Extraordinary General Assembly held on 05/23/2021G.

The company was founded by a number of leading companies in the region, in addition to a group of major investors.

### 1-1 Company Activity:

The company offers a wide range of insurance solutions designed to the special needs of corporate and individual clients, as Amana portfolio provides a variety of products that cover health insurance, motor insurance, property insurance, marine insurance, engineering insurance and miscellaneous liabilities and accidents insurance and falls under each type of these insurances. Many specialized documents that cover the activities of various business sectors such as industries, trade and service sectors.

### 1-2 Company Vision:

To be one of the best leading companies in the Kingdom in the field of providing cooperative insurance services by providing products compatible with customer requirements and providing the best services to them.

### 1-3 Company Message:

Providing insurance products and services in high quality to its customers in accordance with the latest approved international standards, providing them with confidence and added value, and establishing close and long-term relationships with them in all parts of the Kingdom.

### 1-4 Company Strategy:

The year 2021 for the company is considered as full of achievements at the strategic level in terms of implementing several initiatives and projects that allowed the development and modernization of the infrastructure necessary for its entry into the world of digital transformation, according to the plan issued for the year 2021.

Through it, the company was able to create unconventional sales channels, enhance compliance procedures, and improve the level of governance in general, most recently restructuring the company to match the expected growth.

The most important of these initiatives covered several areas, the most important are:

- Contracting with several insurance brokers for electronic sales to individuals and retail, which contributed to an increase in digital sales channels and thus an improvement in the sales of retail products (individuals) and products of small and medium-sized companies, and this was reflected in a growth rate equivalent to 30% in the company's portfolio.
- Launching the company's electronic sales channel in addition to the after-sales electronic services, which gave the company an added value in terms of spread and competition in the market and providing a wonderful customer experience.
- Technically launching the money laundering control system in line with the increasing challenges in the insurance market.
- Raising the level of systems related to cyber security and raising its competencies to meet the increasing technical challenges.
- Developing and updating technical systems to suit the development and expected growth in the volume of business and to cover the requirements of the regulatory authorities.
- Re-designing the organizational structure of the company and its approval by the Board of Directors to match the expansion strategy approved by it and activating several internal committees to raise efficiency and quality of service and improve the company's profitability.
- Launching a remote training system to cover the increasing need to qualify and train employees on various issues related to the insurance sector.
- Launching the document and meeting management systems as part of the company's plan to automate all procedures at the technical and administrative levels.
- Closing points of sale, in implementation of the company's new strategy and its orientation to electronic sales, in line with the growing trend of digital commerce, which will be reflected in the cost of the product and the ease of its delivery to the beneficiary.
- Adopting this strategy and with the approval of the Board of Directors, which will help in providing the necessary resources to invest in the development and expansion of digital sales and services.

#### 1-5 Company Capital and Free Shares:

The authorized capital of the company is 130 million Saudi riyals, consisting of 13 million shares, the value of each share being 10 Saudi riyals.

Items	Number / Value
Authorized Capital	130,000,000 SR
Number of Shares Issued	13,000,000 Shares
Free Shares	11,227,025 Share
Paid Capital	130,000,000 SR
The Value of Each Share	10 SR
Paid Value Per Share	10 SR

#### 1-6 List of Main Owners:

Based on the Rules of Offering Securities and Continuing Obligations, the table below shows a description of any interest in the class of voting shares belonging to persons (other than the Board of Directors and senior executives) who have an interest of (5%) or more, and any change in that eligibility during the year 2021:

Name	No. of shares at the beginning of 2021	Ownership at the beginning of 2021	No. of shares at the end of 2021	Ownership at the end of 2021	percentage change
Amana Gulf	4,410,000	%18.375	1,772,975	%13.638	%4.737-

#### 1-7 Products Development:

The company is working to diversify a balanced insurance portfolio in line with the general shape of the Saudi market through the permanent development of its products through cooperation and coordination between the marketing and sales departments and the various technical departments, taking into consideration the requirements of the Saudi insurance market and its variables and the relevant regulatory laws, in order to meet the needs of customers, individuals and institutions. In this regard, we would like to note that the Products Committee emanating from the Risk Committee was formed in order to develop products in line with the requirements of the insurance products controls issued by the Saudi Central Bank in December 2020, which in turn will review and evaluate all products and develop them if needed, as well as introduce new products based on the developments in the local market.

#### 1-8 Important Events During 2021:

- Amana Cooperative Insurance Company received a letter from the Saudi Central Bank No. (42039348) dated 12/06/1442H corresponding to 01/25/2021G containing the approval of the Saudi Central Bank to reduce the company's capital by 110 million Saudi Riyals so that the company's capital after the reduction becomes 130 million Saudi Riyals.
- Amana Cooperative Insurance Company submitted a file for approval to reduce the capital to the Capital Market Authority on 15/06/1442H corresponding to 01/28/2021G.
- Amana Cooperative Insurance Company receives a notification through the electronic services portal of the Council of Health Insurance, which includes approval of the annual renewal of qualification, which ends on 02/22/2022G.
- Signing a binding merger agreement with Saudi Enaya Cooperative Insurance Company on 09/17/1442H corresponding to 04/29/2021G (the "Agreement" and/or "Merger Agreement"), whereby the Board of Directors of Amana Cooperative Insurance Company and Saudi Enaya Cooperative Insurance Company reached to an agreement which Enaya will be incorporated into Amana and transfer all of Enaya's assets and liabilities to Amana.
- Amending some articles of the Articles of Association of Amana Cooperative Insurance Company in accordance with the approval of the Extraordinary General Assembly held on 10/11/1442H corresponding to 05/23/2021G.

- Amana Cooperative Insurance Company received the General Authority for Competition's no-objection to complete the merger agreement with Saudi Enaya Cooperative Insurance Company under the certificate of the General Authority for Competition issued No. (5) dated 12/04/1442H corresponding to 07/14/2021G.
- Signing an amendment supplement to the merger agreement, according to which it was agreed with the Saudi Enaya Cooperative Insurance Company to amend the termination date during which the preconditions are met, so that it becomes twelve months from the date of signing the agreement instead of six months, and accordingly, the period of fulfillment of the preconditions after the amendment becomes twelve months from the date of signing the agreement.
- Amana Cooperative Insurance Company received the approval of the Saudi Central Bank on 04/18/1443H corresponding to 11/23/2021G on the proposed merger process between Amana Company and Enaya Company, and the capital increase of Amana Company to (288,580,240) Saudi Riyals by issuing (15,858,024) ordinary share for the purpose of merging Enaya and transferring all of Enaya's assets and liabilities.
- Amana Cooperative Insurance Company received the approval of the Capital Market Authority issued on 05/02/1443H corresponding to 06/12/2021G on the request of Amana Cooperative Insurance Company to increase its capital for the purpose of merging the Saudi Enaya Insurance Company into Amana Company by offering a securities exchange to transfer all assets.
- Amana Cooperative Insurance Company published on the website of the Saudi Tadawul Company ("Tadawul") on 05/05/1443H corresponding to 09/12/2021G, the shareholders' circular prepared by Amana Company and addressed to its shareholders, the offer document prepared by Amana Company and addressed to the shareholders of Enaya Company and the timetable for the stages of completing the merger deal.
- Amana Cooperative Insurance Company received on 05/24/1443H corresponding to 12/28/2021G a renewed license to practice insurance activity issued by the Saudi Central Bank of No. (20107 / 30 / ن م ت) on 07/24/1431H to practice general and health insurance for a period of three years ending on 07/22/1446H corresponding to 01/22/2025G.

## 2) Market Overview:

### Future Expectations:

The Saudi Central Bank indicated, through its recent reports, positive developments in this sector, compared to the performance of the same sector in the previous year.

According to the third quarter report of 2021, it mentioned an increase in the volume of written premiums by 9.9% compared to the same quarter in 2020. Which reflects a gradual recovery in the performance of the insurance market after the emerging Corona pandemic (Covid 19).

On the other hand, the sector mentioned a decrease in net income by 96.5%, as a result of the return of claims to their level before the ban and closure period during the emerging Corona Virus (Covid 19) pandemic, and an increase in the expenses rate for insurance companies from 3.18% for the third quarter of 2020 to 3.19% for the third quarter of 2021.

From here, we can say that the strategy of Amana Cooperative Insurance Company is to digital transformation with a great focus on improving and increasing financial and technical control procedures to match the measures to be taken to adapt to these changes and developments.

This is expected to be reflected in an increase in the volume of underwriting and a decrease in the operating cost and the level of claims and expenses in general.

### 3) Company Performance:

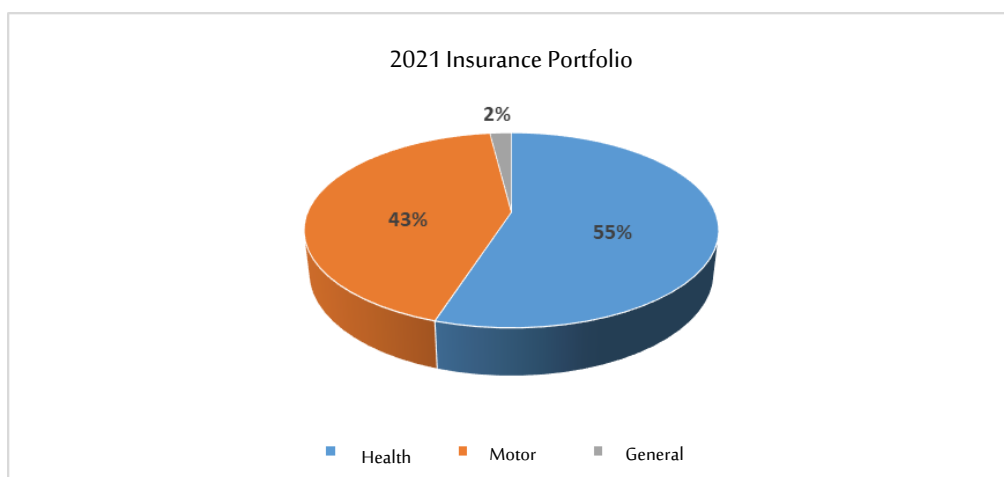
#### 3-1 The Most Important Developments:

- Implementing a large part of Amana's strategic plan, including initiatives that have an impact on developing and improving the company's performance.
- The company's capital was reduced from 240 million to 130 million to restructure the company and extinguish the company's losses.
- Signing a binding merger agreement with Enaya Cooperative Insurance Company.
- Continuous review of pricing through actuarial standards and monitoring of market performance to reduce loss rates and improve profitability.
- Implementing some procedures and means of control that allow handling claims and accidents in accordance with the requirements of the supervision and control authorities, and ensuring the adequacy of the reserves and financial allocations for these claims in order to achieve the financial security of the company, with continuous improvement of work mechanisms in the compensation services department to raise the level of service quality to suit the needs of customers.
- Developing employees' skills through training programs and courses, in addition to passing the Insurance Fundamentals Certificate exam as per the requirements of the Central Bank of Saudi Arabia. This is in addition to training and educating them about anti-fraud and anti-money laundering procedures
- Restructuring and activating the anti-fraud unit to ensure compliance with all standards required by the regulatory authorities and to protect the company.
- Improving and developing the collection process in the company by supporting the collection department with all the necessary resources and raising its efficiency, which contributes positively to the company's position.
- Attracting highly qualified employees in leadership positions in sales, customer service and underwriting, whose qualifications and experience align with the future requirements of the company.

#### 3-2 Sales:

In 2021 the company achieved sales with a total value of 275 million Saudi Riyals. The following is a summary showing the types of insurance and their percentages of the total insurance premiums for the year 2021:

Insurance Type	Percentage of Total Insurance Premiums
Health	%55
Motor	%43
General	%2



### 3-3 Technical Aspects:

The company has taken positive steps towards diversifying its insurance portfolio instead of relying on a single product, as well as reviewing reinsurance agreements and then renewing reinsurance agreements with local and international reinsurance companies that have full knowledge of the dynamics of the Saudi insurance market and hold the highest ratings by international institutions in this field in order to achieve the highest levels of protection for its clients on the one hand, and to manage and distribute the insurance risks resulting from underwriting operations on the other hand. They also have extensive knowledge of the Saudi insurance market, and these agreements enabled the company to conduct its business with high flexibility and higher accuracy in risk management.

### 3-4 Investments:

The company has adopted a new investment strategy to diversify the investment portfolio and enhance the performance of the portfolio, as the company invested directly in fixed income instruments and stocks in addition to dealing with several banks to obtain a higher return on short-term deposits.

The company's investments in both insurance operations and shareholders' operations are as follows:

- 1- Insurance operations: represented by an investment of SR 1.9 million in Najm Insurance Services Company (a Saudi limited liability company), which carries out the work of "inspection expert, loss estimator and insurance claims settlement specialist."
- 2- Shareholders' operations: It consists of investments in the following:
  - Investments in short-term Murabaha deposits in Saudi riyals amounting to 10 million Saudi Riyals.
  - Investments in government and corporate bonds amounting to 44 million Saudi Riyals.
  - Investments in local shares amounting to 13 million Saudi Riyals.

#### 4) Financial Highlights:

The following is a review of the most important financial indicators and details of the results of the financial year ending on 31/12/2021G (12 months):

#### 4-1 Statement of Insurance Operations:

	The numbers are in thousands of Saudi riyals					
	2021	2020	2019	2018	2017	2016
<b>REVENUES</b>						
Gross premiums written	275,487	329,519	248,054	137,446	71,967	169,866
Reinsurance premiums ceded	(4,630)	(5,361)	(10,461)	(43,376)	(36,504)	(57,462)
Excess of loss expenses	(51,187)	(44,637)	(6,023)	(2,941)	(2,064)	(888)
<b>Net premiums written</b>	<b>219,670</b>	<b>279,521</b>	<b>231,570</b>	<b>91,129</b>	<b>33,399</b>	<b>111,516</b>
Changes in unearned premiums - net	27,182	(42,999)	(47,900)	(28,595)	14,467	140,760
<b>Net premiums earned</b>	<b>246,852</b>	<b>236,522</b>	<b>183,670</b>	<b>62,534</b>	<b>47,866</b>	<b>252,276</b>
Reinsurance commissions	1,090	1,992	1,975	2,895	10,337	18,193
Other underwriting income	190	10,786	16,419	4,610	12,083	7,943
<b>NET REVENUES</b>	<b>248,132</b>	<b>249,300</b>	<b>202,064</b>	<b>70,039</b>	<b>70,286</b>	<b>278,412</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	314,929	220,510	174,422	59,359	96,680	211,923
Reinsurers' share of claims paid	(53,778)	(27,736)	(46,439)	(26,996)	(33,759)	(38,365)
<b>Net claims paid</b>	<b>261,151</b>	<b>192,774</b>	<b>127,983</b>	<b>32,363</b>	<b>62,921</b>	<b>173,558</b>
Changes in outstanding claims & IBNR - net	(2,166)	18,905	22,844	(3,775)	(32,834)	(17,555)
<b>Net claims incurred</b>	<b>258,985</b>	<b>211,679</b>	<b>150,827</b>	<b>28,588</b>	<b>30,087</b>	<b>156,003</b>
Changes in premiums deficiency reserve	11,455	292	(447)	10,715	643	-
Policy acquisition costs	28,357	24,841	17,510	5,353	8,664	29,663
Changes in other technical reserves	(977)	(6,145)	9,324	251	(3,400)	3,400
Inspection and supervision fees	11,977	16,214	12,746	5,840	1,724	16,466
Operation and management salaries	35,987	28,061	29,341	27,578	23,487	29,660
General and administrative expenses	25,869	38,610	16,494	13,614	11,606	35,431
<b>The sum of all costs and expenses</b>	<b>371,653</b>	<b>313,552</b>	<b>235,795</b>	<b>91,939</b>	<b>72,811</b>	<b>270,623</b>
<b>Total (loss)/income for the year attributable to the shareholders</b>	<b>(123,521)</b>	<b>(64,252)</b>	<b>(33,731)</b>	<b>(21,900)</b>	<b>(2,525)</b>	<b>7,789</b>
Accumulated losses	(157,227)	(147,503)	(85,666)	(44,572)	(22,768)	(200,289)

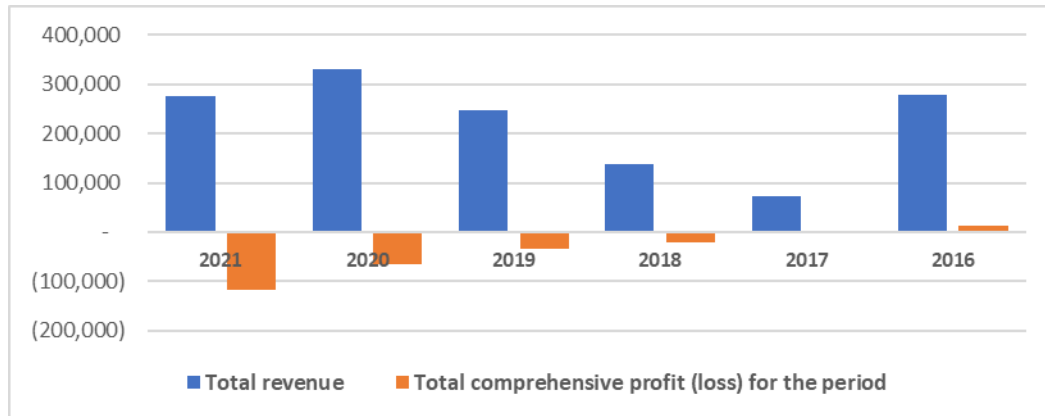
#### 4-2 Statement of Shareholder Operations:

	The numbers are in thousands of Saudi riyals					
	2021	2020	2019	2018	2017	2016
<b>Total (loss)/income for the year attributable to the shareholders</b>	<b>(123,521)</b>	<b>(64,252)</b>	<b>(33,731)</b>	<b>(21,900)</b>	<b>(2,525)</b>	<b>7,789</b>
Total expenses from shareholders' operations	(3,538)	(1,555)	(1,770)	(2,730)	(2,018)	(1,478)
Total income from shareholders' operations	5,653	8,534	7,795	4,413	5,296	6,189
<b>Total comprehensive loss/(gain) for the period</b>	<b>(121,406)</b>	<b>(57,273)</b>	<b>(27,706)</b>	<b>(20,217)</b>	<b>753</b>	<b>12,500</b>
Zakat and income tax	2,270	(4,564)	-	-	-	(2,432)
Change in fair value of available for sale investments	1,564	648	2,951	216	275	608
Transferred from fair value reserve to income for the year	(455)	(2,223)	8	(99)	(2,170)	438
<b>Total comprehensive loss/(gain) for the period</b>	<b>(118,027)</b>	<b>(63,412)</b>	<b>(24,747)</b>	<b>(20,100)</b>	<b>(1,142)</b>	<b>11,114</b>
<b>Loss per share - basic and diluted (SAR)</b>	<b>-9.16</b>	<b>-2.58</b>	<b>-1.62</b>	<b>-1.26</b>	<b>0.05</b>	<b>0.37</b>

	The numbers are in thousands of Saudi riyals					
	2021	2020	2019	2018	2017	2016
Total liabilities and shareholders' equity	116,003	237,268	276,568	218,398	210,344	263,402
Total insurance operations liabilities	279,013	354,195	270,434	233,853	229,211	298,916
Total insurance assets	116,003	237,268	276,568	218,398	210,344	263,402
Total assets of insurance operations	279,013	354,195	270,434	233,853	229,211	298,916

	The numbers are in thousands of Saudi riyals					
	2021	2020	2019	2018	2017	2016
Total revenue	275,487	329,519	248,054	137,446	71,967	279,300
Total comprehensive profit (loss) for the period	(118,027)	(64,616)	(34,843)	(21,687)	(1,142)	12,767

The reason for the increase in losses during the current year compared to the previous year is due to the increase in net claims incurred by 22%, in addition to the change in the insurance premiums deficit reserve by 3823%.



The main reason for the losses for the fiscal year 2021 is due to the continued increase in claims in the medical sector and the increase in provisions for receivables to companies and reinsurers mainly due to the repercussions of the Corona pandemic, in addition to the legislation to increase medical coverage and the continued level of competition in this sector.

In order to diversify and balance the company's insurance portfolio, since the beginning of 2021, the company has expanded the motor insurance market, especially through electronic channels, in order to acquire an appropriate share, but the company has incurred losses in return as this market is characterized by intense competition in prices.

The requirements of the local insurance industry, including specialized and administrative cadres, and technical and accounting systems, contributed to the increase in administrative and general costs. Noting that the company has taken corrective measures to reduce the rate and size of loss for the insurance sectors and implemented a plan to reduce administrative and general expenses.

#### 4-3 Statement of Financial Position:

*The numbers are in thousands of Saudi riyals*

	2021	2020	2019	2018	2017	2016
<b>Insurance Operation assets:</b>						
Cash and cash equivalents	21,368	35,667	21,230	25,935	20,138	23,405
Premiums and reinsurers' receivable - net	87,543	129,207	79,559	21,519	17,811	30,833
Reinsurers' share of unearned premiums	1,433	2,056	4,866	17,189	14,846	28,890
Reinsurers' share of outstanding claims	1,267	11,763	19,390	33,271	73,624	69,383
Other assets	167,918	175,502	145,389	135,939	102,792	157,923
<b>Total assets of insurance operations</b>	<b>279,529</b>	<b>354,195</b>	<b>270,434</b>	<b>233,853</b>	<b>229,211</b>	<b>310,434</b>
<b>Shareholders' assets:</b>						
Cash and cash equivalents	35,672	138,316	139,278	105,639	128,725	159,256
Investments available for sale	13,259	10,949	17,375	6,548	20,000	41,855
Other assets	67,072	88,003	119,915	106,211	61,619	62,291
<b>Shareholders' total assets</b>	<b>116,003</b>	<b>237,268</b>	<b>276,568</b>	<b>218,398</b>	<b>210,344</b>	<b>263,402</b>
<b>TOTAL ASSETS</b>	<b>395,532</b>	<b>591,463</b>	<b>547,002</b>	<b>452,251</b>	<b>439,555</b>	<b>573,836</b>
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Insurance Operation liabilities:</b>						
Reinsurance balances payable	8,176	22,550	12,976	23,936	12,058	14,818
Other technical reserves	224,173	255,872	208,158	153,684	155,907	212,368
Other Liabilities	46,401	76,737	48,521	55,454	60,467	83,248
<b>Total insurance operations liabilities</b>	<b>278,750</b>	<b>355,159</b>	<b>269,655</b>	<b>233,074</b>	<b>228,432</b>	<b>310,434</b>
Surplus distribution payable	779	779	779	779	779	-
<b>Total liabilities and surplus of insurance operations</b>	<b>279,529</b>	<b>355,938</b>	<b>270,434</b>	<b>233,853</b>	<b>229,211</b>	<b>310,434</b>
<b>Liabilities and Shareholders' Equity:</b>						
Shareholders' liabilities	140,636	143,286	119,174	122,853	93,112	141,796
Shareholders' equity	(24,633)	92,239	157,394	95,545	117,232	121,606
<b>Total liabilities and shareholders' equity</b>	<b>116,003</b>	<b>235,525</b>	<b>276,568</b>	<b>218,398</b>	<b>210,344</b>	<b>263,402</b>
<b>Total liabilities and shareholders' equity</b>	<b>395,532</b>	<b>591,463</b>	<b>547,002</b>	<b>452,251</b>	<b>439,555</b>	<b>573,836</b>

#### 4-4 Statement of Changes in Shareholders' Equity:

*The numbers are in thousands of Saudi riyals*

	Share capital	Accumulated losses	Actuarial reserve -on end-of service benefits	Fair value reserve for -available-for sale investment	Total equity
<b>Balance on January 1, 2021 – (Audited)</b>	<b>240,000</b>	<b>(147,503)</b>	<b>(1,743)</b>	<b>1,485</b>	<b>92,239</b>
<b>Comprehensive loss for the year:</b>					
Change in fair value of available-for-sale investments	-	-	-	1,564	1,564
Total loss for the year attributable to the shareholders	-	(119,136)	-	-	(119,136)
Transferred from fair value reserve to the income for the year	-	-	-	(455)	(455)
Actuarial gain on end-of-service benefit	-	-	292	-	292
Capital Reduction	(110,000)	110,000	-	-	-
Transaction cost for Capital Reduction	-	(588)	-	-	(588)
<b>Balance on December 31, 2020 – (Audited)</b>	<b>130,000</b>	<b>(157,227)</b>	<b>(1,451)</b>	<b>2,594</b>	<b>(26,084)</b>
<b>Balance on January 1, 2020 – (Audited)</b>	<b>240,000</b>	<b>(85,666)</b>	<b>(539)</b>	<b>3,060</b>	<b>156,855</b>
<b>Comprehensive loss for the year</b>					
Change in fair value of available for sale investments	-	-	-	648	648
Total loss for the year attributable to the shareholders	-	(61,837)	-	-	(61,837)
Transferred from fair value reserve to the income for the year	-	-	-	(2,223)	(2,223)
Actuarial loss on end-of-service benefit	-	-	(1,204)	-	(1,204)
<b>Balance on December 31, 2020 – (Audited)</b>	<b>240,000</b>	<b>(147,503)</b>	<b>(1,743)</b>	<b>1,485</b>	<b>92,239</b>

#### 4-5 Segmental Information:

The company's products are divided into three main sectors: the medical sector, which provides health insurance coverage, the motor insurance sector that provides comprehensive insurance and vehicle liability insurance, and the property and accident sector, which includes property, accident, engineering, marine freight and general accident insurance. The following are the sectors' results and their contribution to the results and volume of business Company:

Operating segment	The numbers are in thousands of Saudi riyals				
	Medical	Motor	Property & casualty	Unallocated	Total - Insurance operations
<b>Revenues</b>					
Gross premiums written	150,199	119,232	6,056	-	275,487
Reinsurance premiums ceded	-	-	(4,630)	-	(4,630)
Excess of loss expenses	(46,587)	(4,312)	(288)	-	(51,187)
<b>Net premiums written</b>	<b>103,612</b>	<b>114,920</b>	<b>1,138</b>	<b>-</b>	<b>219,670</b>
Changes in unearned premiums - net	56,980	(29,601)	(197)	-	27,182
<b>Net premiums earned</b>	<b>160,592</b>	<b>85,319</b>	<b>941</b>	<b>-</b>	<b>246,852</b>
Reinsurance commissions	-	-	1,090	-	1,090
Other underwriting income	24	-	166	-	190
<b>NET REVENUES</b>	<b>160,616</b>	<b>85,319</b>	<b>2,197</b>	<b>-</b>	<b>248,132</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	(222,029)	(83,720)	(9,180)	-	(314,929)
Reinsurers' share of claims paid	44,917	168	8,693	-	53,778
<b>Net claims paid</b>	<b>(177,112)</b>	<b>(83,552)</b>	<b>(487)</b>	<b>-</b>	<b>(261,151)</b>
Changes in outstanding claims	19,181	(4,783)	(138)	-	14,260
Changes in reinsurers' share of outstanding claims	(9,390)	(1,248)	142	-	(10,496)
Changes in claims incurred but not reported	9,463	(11,407)	1,842	-	(102)
Changes in reinsurers' share of claims incurred but not reported	(43)	(157)	(1,296)	-	(1,496)
<b>Net claims incurred</b>	<b>(157,901)</b>	<b>(101,147)</b>	<b>63</b>	<b>-</b>	<b>(258,985)</b>
Changes in premiums deficiency reserve	3,318	(14,580)	(193)	-	(11,455)
Changes in other technical reserves	1,633	(814)	158	-	977
Policy acquisition costs	(17,255)	(10,396)	(706)	-	(28,357)
Inspection and supervision fees	(11,425)	(464)	(88)	-	(11,977)
<b>Total underwriting costs and expenses</b>	<b>(181,630)</b>	<b>(127,401)</b>	<b>(766)</b>	<b>-</b>	<b>(309,797)</b>
Net underwriting (loss)/income	-	-	-	(61,856)	(61,856)
<b>Total (loss) / income from insurance operations</b>	<b>(21,014)</b>	<b>(42,082)</b>	<b>1,431</b>	<b>(61,856)</b>	<b>(123,521)</b>

#### 4-6 Geographical Distribution of Gross Written Premiums:

Region	Amount	Percentage
Central	222,013	81%
Western	37,279	14%
Eastern	16,193	6%
<b>Total</b>	<b>275,485</b>	<b>100%</b>

#### 4-7 Activities of Equity and Debt Instruments:

The authorized issued and fully paid capital of the company is 130 million Saudi Riyals as on December 31, 2021, and consists of 13 million shares with a nominal value of 10 Saudi Riyals per share. The members of the Board of Directors and their family members in the company's shares. In addition, there are no debt instruments convertible into shares, option rights, subscription right notes, or similar rights issued or granted by the company during the fiscal year ending on that date. There are no transfer or subscription rights under debt instruments convertible into shares, option rights, or similar rights certificates issued or granted by the company during the period, and there is no redemption, purchase or cancellation by the company of any redeemable debt instruments, as well as no arrangements or assignment agreement Hereby any of the shareholders expresses any rights to the profits.

#### 4-8 Zakat, Regular Payments and Debts:

- Zakat and income tax are calculated in accordance with the relevant regulations and the instructions of the General Authority for Zakat and Income Tax. Zakat obligations are borne by Saudi shareholders and the like, and tax is borne by non-Saudi shareholders.
- Deduction for zakat is carried out according to the accrual principle, where the zakat provision is calculated according to the zakat base. Any differences between the provision and the final assessment are recorded when the final assessment is approved, at which time the provision is closed. The company has paid an amount of 844 thousand Saudi riyals during the year 2021 AD, as well as approving the provision for the Zakat Department's entitlements for the year 2021 AD, an amount of (2,270) thousand Saudi riyals, so that the accumulated provision on 12/31/2021 is an amount of 3,559 thousand Saudi riyals.
- In return, the company paid an amount of 69 thousand Saudi riyals to account for the tax of reinsurance premiums and consulting expenses outside the Kingdom of Saudi Arabia, in addition to creating a provision for the year 2021, an amount of 219 thousand Saudi riyals, so that the accumulated provision on 31/12/2021 is an amount of 2,430 thousand Saudi riyals for the same account.
- As for the other regular payments, 1,283 thousand Saudi riyals were paid to the Central Bank of Saudi Arabia, as well as 341 thousand Saudi riyals to the General Organization for Social Insurance, and 297 thousand Saudi riyals for the fees of Council of Health Insurance. The company does not have any loans or debts payable, and the following table shows All fees or taxes owed to government agencies:

(Amounts in Thousands Saudi Riyals)

Entity	As of December 31, 2021
Saudi Central Bank	1,283
General Organization for Social Insurance	341
Council of Health Insurance	297

#### 4-9 External Auditors:

The Ordinary General Assembly, held on 19/11/1442H corresponding to 06/29/2021G, approved the appointment of Ibrahim Ahmed Al-Bassam and Partners Office and the Office of Abdullah Al-Azem, Salman Bandar Al-Sudairy and Musab Abdul Rahman Al-Shaikh (Al-Azem, Al-Sudairy, Al-Shaikh and their partners, as external auditors based on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2021, and the first quarter of the fiscal year 2022, and to determine their fees.

#### 4-10 Accounting Standards for Financial Statements:

The company's financial statements were prepared during the financial period from 01/01/2021G to 31/12/2021G in accordance with international financial reporting standards. The company confirms that there are no material differences or financial impact on the financial statements as a result of their preparation in accordance with international reporting standards compared to those issued by the Saudi Authority for chartered accountants. The financial statements also fairly show, in all material respects, the financial position of the

company as on December 31, 2021, and the results of its operations and cash flows for the year ended on that date in accordance with international standards.

#### 4-11 Dividend Distribution Policy:

Since the company has not extinguished the capital losses (as explained in the financial results above), no dividends will be distributed for this period, and the company will work in the future, upon realization of profits, to take the appropriate decision regarding the distribution of profits to shareholders, as required by the company's articles of association in Article 44 and Article 45, which states the following:

1. To avoid the legally prescribed zakat and income tax.
2. To set aside (20%) of the net profits to form a statutory reserve, and the Ordinary General Assembly may discontinue this deduction when the total reserve reaches (100%) of the paid-up capital.
3. The Ordinary General Assembly, when determining the share of shares in the net profits, may decide to create other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders.
4. The company's net annual profits, which it determines, shall be distributed after deducting all general expenses and other costs, and the formation of the necessary reserves to face doubtful debts, investment losses and emergency obligations that the Board of Directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the Saudi Central Bank. From the remainder of the profits after deducting the reserves established under the relevant regulations and zakat, a percentage of no less than 5% of the paid-up capital for distribution to shareholders in accordance with what is proposed by the Board of Directors and decided by the General Assembly, and if the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, it is not permissible Shareholders may demand payment in the following year or years, and the General Assembly may not decide to distribute a percentage of profits in excess of what was proposed by the Board of Directors.

#### 4-12 Acknowledgments:

**Amana Cooperative Insurance Company acknowledges that:**

- There are no loans on it, whether they are payable on demand or otherwise, and the company did not pay any amounts in repayment of loans during the financial period ending on 12/31/2021G.
- There are no debt instruments convertible into shares, and there are no option rights, memoranda of subscription right, or similar rights issued or granted by the company during the financial period ending on 31/12/2021G.
- There are no conversion or subscription rights under debt instruments convertible into shares, option rights, rights certificates, or similar rights, or the company issued or granted them during the financial period ending on 12/31/2021G.
- The company has not redeemed, purchased or canceled from its side any redeemable debt instruments, or any value of the remaining securities.

- There is no contract in which the company is a party and there is, or was, a substantial interest for a member of the board of directors, the general manager, the deputy director general for financial affairs, or any person related to any of them, except for what is mentioned in Article No. (7) related to "Related Parties".

**Amana Cooperative Insurance Company acknowledges the following:**

- The accounting records have been prepared in the correct manner.
- The internal control system was prepared on sound foundations and implemented effectively.
- There is little doubt about its ability to continue its activity.

## **5) Current and Expected Future Risks**

### **5-1 The Company's Risk Management and Control Policy:**

Amana Cooperative Insurance Company adopts the highest international standards and standards for risk management to protect the interests of the company and shareholders. The company conducts a periodic and continuous review to identify and evaluate current and future risks and then adopt remedial plans to mitigate the effects of these risks on the company's goals and strategy, and the risks that Amana Insurance Company may face are varied. Cooperative, categorized into:

#### **5-1-1 Financial Risks:**

- Market risks: are the risks that may result from a change in the general market condition or the risks that may result from a change in the state of the general economy, which affects the company.
- Currency risk: it includes what may change the exchange rate and the transfer between currencies, which may affect the company's investments and operations in different currencies.
- Interest rate risk: the company's investments and debts are affected by changes in interest rates.
- Liquidity risk: It is the company's inability to meet its short-term debts.
- Credit risk: the risk that arises from the inability of the contractual parties with the company to pay the dues.
- Solvency risk: the inability to meet the capital requirements and the violation of the statutory limits for that.

#### **5-1-2 Strategic Risks: to include risks of planning, execution, reputation, management of resources and products, etc.**

- Operational risks: These include information technology risks, claims settlement, fraud risks, absence of a contingency plan, risks that may arise from erroneous behavior of employees, and risks of procedures and operations.
- Insurance risks: These include underwriting, pricing, reinsurance, disaster risks, technical and regulatory reserve risks.
- Systemic and Legal Risks: These include the risks of non-compliance with regulations and legislation, the risks of allegations, legal issues and contract risks.

**5-1-3 The company follows the risk management process to include all risks and departments. The process consists of:**

- Surveying and examining the general situation: through it, the risk management ensures that the company's operations and procedures match the company's objectives, by studying the company's internal and external situation to identify areas of deficiencies and work on them.
- Identification of risks: the objective of identifying risks is to develop a comprehensive list of all risks that may pose a threat to the company's achievement of its objectives. In cooperation with all departments, all risks that previously affected the company are identified to be studied according to the current situation, and all departments are also discussed in what may be new risks arising from current operations.
- Risk analysis: Each risk is carefully analyzed and studied, and the source of the risk and its effects on the company and its objectives are determined, depending on the factors of possibility and influence.
- Addressing and mitigating risks: The company responds to risks by accepting them, avoiding them completely, mitigating their impact, or transferring them to another party. Remedial plans are implemented for acceptable risks to mitigate their impact by working together with the concerned department.
- Monitoring risks and treatment plans: the effectiveness of the treatment plans' implementation is periodically and continuously verified. The risk management also ensures that all risks do not exceed the limits of the company's susceptibility to risks, and the management reports what may constitute an excess of the approved limits for the members of the board of directors.
- Reporting and raising: The Risk Department submits a periodic report to the Board of Directors on risks and limits of ability to ensure that the members of the Board of Directors remain publicly informed of the company's situation and request their intervention in the event that any of the risks exceeds the limits approved by the Board. The Risk Management Department also discusses all activities and procedures with the Risk Management Committee emanating from the Board before submitting to the Board in this regard.

**5-2 Competition:**

The competition in the insurance market increased this year by raising the market share and sharp competition in maintaining competitive levels in prices after exiting the consequences of the Corona pandemic and its impact on maintaining acceptable technical margins in mandatory products.

**5-3 Investment Returns Under the Current Economic Conditions:**

The company's financial results depend in part on its investment performance, and the company's investment returns and consequently its profitability may be negatively affected from time to time as a result of conditions that affect the investment climate in general as a result of market fluctuations and current economic conditions that are out of the company's control. Also, the company's activity depends to a large extent on the economic conditions in the Kingdom of Saudi Arabia as well as the economic conditions globally.

**5-4 Technical Risks:**

The company relies on its own information technology systems, and although the company takes strict internal security and control measures, its information systems may be exposed to unauthorized entry operations,

computer viruses, human errors, natural disasters, fires, energy loss, or errors in communication, sabotage or terrorist operations, and the company has committed to implementing cyber security policies and procedures as stipulated in the relevant Saudi Central Bank circulars.

#### **5-5 Regulations and Legal Risks:**

The insurance operations carried out by the company are subject to supervision and control by the Saudi Central Bank through the cooperative insurance control system and its executive regulations, as well as the executive regulations of the Council of Health Insurance in relation to the health insurance product. Future and regulatory changes may affect the insurance sector and may adversely affect the Company's business, financial condition and results of operations.

#### **5-6 Lawsuits:**

In the normal business, Amana Company may face lawsuits against third parties, and claims from third parties may also be filed against it, and these cases may negatively affect the financial position of the company in the future.

#### **5-7 Risks related to reinsurers:**

Despite the improvement in the technical results of the major reinsurance companies in the industrialized countries, there may be a negative impact as a result of some political factors as well as the consequences of Covid 19 that cast a shadow on many joints of the economy in the world. The Arab world was not spared from these repercussions, which will contribute to the continuation of the pressing factors on the terms of the reinsurance agreements allocated to those countries.

### **6) Board of Directors:**

The main task of the Board of Directors is to ensure the implementation of the comprehensive plans and policies and the financial objectives of the company. The Board of Directors approves all financial allocations and budgets and works through its various committees to follow up the progress of work and the extent of commitment and achievement of the goals. In addition, the Board is committed to protecting the interests of shareholders and concerned parties through ensure full compliance with all applicable rules and regulations as stipulated in the company's articles of incorporation and corporate governance regulations.

#### **6-1 Charter of Corporate Governance:**

The company's board of directors approved a corporate governance regulation on 02/12/1432H corresponding to 01/16/2011G, and it was approved by the General Assembly on 07/16/1435H corresponding to 05/15/2014G. The Board also approved an updated version of the charter on 01/11/ 1438H corresponding to 10/12/2016G, and it was also approved by the General Assembly on 15/02/1438H corresponding to 15/11/2016G. The Board also approved the third and current version on 10/04/2018G, and it was approved by the General Assembly on 03/05/2018G. The charter includes all provisions contained in the company's Articles of Association and Corporate Governance Regulations issued by the Capital Market Authority, as well as regulations issued by the Saudi Central Bank and the Companies Regulations issued by the Ministry of Commerce.

## 6-2 Formation of the Board of Directors:

The Board of Directors (the fourth cycle) was formed and its term is for three years, starting from 16/05/2019G and ending on 15/05/2022G, according to the approval of the Ordinary General Assembly in its meeting held on 09/09/1440H corresponding to 14/05/2019G. Where the Board consists of 7 members as shown in the table below:

Member Name	Member ship Classific	Names of companies for which a member of the board of directors is a member of their current boards or of their Management	In/Out KSA	Names of companies for which a member of the board of directors is a member of their previous boards or of their Management	In/Out KSA
Eng. Mahmoud Al Toukhi (Chairman of the Board)	Independent	Electrical Industries Co.	In KSA	Saudi Power Transformers Co.	In KSA
		Al-Toukhi Industries, Trade and Contracting Co.	In KSA	CG Saudi Arabia Power Systems Co.	In KSA
		Al-Toukhi Trading Group Co.	In KSA	Al-Toukhi Ozdel Power Transmission Co.	In KSA
		Al-Toukhi Investments Co. - Dubai	Out KSA	Saudi Arabian Oasis Electrical Supplies Co. Ltd.	In KSA
		Aqwa Power Co.	In KSA	The Saudi Transformers Co. Ltd.	In KSA
		Amana Cooperative Insurance Company	In KSA	Advanced Electrical Industries Co.	In KSA
				International Company for Industrial Tools	In KSA
				Mini Cool Co. for water purification and bottling	In KSA
				Arab Disar Contracting Company	In KSA
				Saudi Electricity Equipment Co. Ltd.	In KSA
Dr. Abdullah Al-Mussa (Vice Chairman)	Independent	Amana Cooperative Insurance Company	In KSA	Arab Sat Co.	In KSA
				STC Advanced Solutions	In KSA
Mr. Abdulrahman Alsakran (Board Member)	Non-Executive	Amana Cooperative Insurance Company	In KSA	Dr. Sulaiman Al-Habib Medical Services Group	In KSA
				Asala Holding Company	In KSA
				Shaker Group	In KSA
				Medical Care Shield Company	In KSA
				GlobeMed Saudi Company	In KSA
				Saudi Volkswagen Group Company	In KSA
				Etihad Atheeb Telecom Co.	In KSA
				Jubail Energy Co.	In KSA
				Global Gas Co.	In KSA
				Modern Arab Construction Company	In KSA
				The National Energy Company	In KSA
				RDB AlSaif	In KSA
				Saudi Traders Company	In KSA
Mr. Haitham Al-Foraih (Board Member)	Independent	Sidra Capital Company	In KSA	Aqua Power "Power Feast"	In KSA
		BLOMINVEST Saudi Arabia	In KSA	Al Latifia Contracting	In KSA
		Mashaer Holding Company	In KSA	Dar Es Salaam Bank (Iraq)	Out KSA
		Al Mehbaj Company for Traiding	In KSA	Al – Rowad School Company	In KSA
		Zohoor Alreaf Company	In KSA	Arabian Pipes Company	In KSA
		United Trading and Marketing Company	In KSA	Hoshan Group	In KSA

Member Name	Member ship Classification	Names of companies for which a member of the board of directors is a member of their current boards or of their Management	In/Out KSA	Names of companies for which a member of the board of directors is a member of their previous boards or of their Management	In/Out KSA
		Bayan Credit Bureau Company	In KSA		
		Spring Rose Company	In KSA		
		Amana Cooperative Insurance Company	In KSA		
		Theeb Rent A Car Company	In KSA		
		Gulf Insulation Group Company	In KSA		
Mr. Pierre Pharaon (Board Member)	Non-Executive	Globemed for Teleservices Ltd	Out KSA	Pharaon Investment Holding	Out KSA
		GlobeMed Health Care	Out KSA	Libano-Suisse SAL	Out KSA
		GlobeMed Saudia	In KSA	Libano-Suisse Takaful Egypt	Out KSA
		GlobeMed Bahrain	Out KSA	Delta Near East Holding SAL	Out KSA
		GlobeMed Lebanon	Out KSA	LS Headquarters SAL	Out KSA
		QuantMed F2 LLC	Out KSA		
		Amana Cooperative Insurance Company	In KSA		
Mr. Naif ALSudairy (Board Member)	Non-Executive	GlobeMed Co.	In KSA	Care Shield Holding Co.	In KSA
		Amana Cooperative Insurance Company	In KSA		
Mr. Bader Alswailem (Board Member)	Independent	Electrical Industries Co.	In KSA	Hulol Company	In KSA
		Amana Cooperative Insurance Company	In KSA		

### 6-3 About the Members of the Board of Directors and Members of the Committees:

Name	Current Position	Previous Position	Qualifications	Experience
Eng. Mahmoud Al Toukhi (Chairman of the Board) (Nomination & Remuneration Committee Member) (Investment Committee Member)	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Al-Toukhi Group</li> <li>Vice Chairman of the Board of Directors of the Electrical Industries Company</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Al-Toukhi Council for Industry, Trade and Contracting</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Electrical Engineering</li> <li>Master of Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>Practical experience more than 26 years in various activities</li> </ul>
Dr. Abdullah Al-Mussa (Vice Chairman of the Board) (Vice Chairman of Executive Committee) (Chairman of Nomination & Remuneration Committee)	<ul style="list-style-type: none"> <li>Partner - Middle East Digital Media (MEDM)</li> </ul>	<ul style="list-style-type: none"> <li>Supervisor of the General Administration of Information</li> <li>Head of the Internet Services Unit (King Abdulaziz City for Science and Technology)</li> <li>President of Saudi Net (STC)</li> <li>Vice President and President of Saudi Data (STC)</li> <li>Head of STC Transformation Program</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Computer Science</li> <li>Master degree in Computer Engineering</li> <li>Bachelor's degree in Electrical Engineering</li> <li>Executive Education</li> </ul>	<ul style="list-style-type: none"> <li>Practical experiences more than 25 years in establishing and managing businesses in the field of communications, information technology and the Internet, in addition to expertise in the field of corporate restructuring, governance, and technical and strategic</li> </ul>

Name	Current Position	Previous Position	Qualifications	Experience
				advice
Mr. Abdulrahman Alsakran (Board Member) (Chairman of the Risk Committee) (Executive Committee Member)	- Assistant Minister for Strategy and Corporate Services - Ministry of Finance	- Chief Executive Officer of Al-Habib Holding Company - Vice President of Finance at Al-Seif Commercial Investment Company - General Manager of Strategic Planning and Performance, Saudi Telecom Company - Group Financial Director, National Company for National Industries (Zoujaj) - External Auditor at Al-Jarid & Co. (Deloitte & Dutch)	- Bachelor of Accounting - Certified Accountant from the American Institute - A chartered accountant from the Saudi Organization for Certified Public Accountants	- Practical experience of more than 29 years in various activities such as strategy, planning, investment and public administration
Mr. Haitham Al-Foraih (Board Member) (Chairman of the Investment Committee) (Nomination & Remuneration Committee Member)	- CEO of Sidra Capital Company	- Investment Manager and Vice President of Amwal Al Khaleej Company - Portfolio Analyst, Investment Management at Al Muhaidib Group	- Master of Business Administration - Bachelor's degree in Architectural Engineering	- Practical experience more than 16 years in various activities
Mr. Naif ALSudairy (Board Member) (Executive Committee Member) (Risk Committee Member)	- Deputy General Manager of the Investment Company	- CEO of Volkswagen - Director of Global Banking Services at SABB Bank	- Master degree in Business Administration - Bachelor's degree in Industrial Engineering	- Practical experience more than 10 years in various activities
Mr. Pierre Pharaon (Board Member) (Executive Committee Member) (Investment Committee Member)	- CEO of the Lebanese Swiss Insurance Company	- Business Development Manager at the Lebanese Swiss Company - Assistant General Manager at Pharaoh Healthcare	- Master degree in Business Administration - Bachelor's degree in Civil and Environmental Engineering	- Practical experience more than 10 years in various activities
Mr. Bader Alswailem (Board Member) (Chairman of the Audit Committee)	- CEO of Saudi ORIX	- Deputy CEO of Saudi ORIX - CEO of the electronics sector at Al Faisaliah Group - Financial Controller for Al Faisaliah Group	- Bachelor's degree in Accounting from King Saud University - CPA from the Saudi Association for Certified Public Accountants - CPA from (AICPA).	- Practical experience more than 28 years in accounting, auditing and corporate management
Mr. Husam Sadagah (Audit Committee)	- External Auditor - WTS Sadagah Auditing &	- Partner in Deloitte & Touche Company.	- Bachelor's degree in Accounting from Ain	- More than 40 years in the field of external auditing

Name	Current Position	Previous Position	Qualifications	Experience
Member)	Consultants	<ul style="list-style-type: none"> <li>- External Auditor - PKF Sadagah Auditing &amp; consultants.</li> <li>- External Auditor - Main Partner at Ernst &amp; Young Middle East (Saudi Arabia, UAE)</li> <li>- External Auditor - partner at Pricewaterhouse.</li> <li>- Saudi Arabia Ministry of Housing</li> </ul>	<ul style="list-style-type: none"> <li>- Shams University, Egypt.</li> <li>- Diploma in Business Administration from King Abdulaziz University.</li> <li>- Master degree in Auditing from King Abdulaziz University.</li> <li>- Eternal Auditor from Ministry of Commerce.</li> <li>- Fellowship from the (AICPA).</li> </ul>	
Mr. Maged A. Algoaid (Audit Committee Member)	- General Manager of Contracts and Agreements at STC	<ul style="list-style-type: none"> <li>- Manager of Compliance Department at the Saudi Electricity Company.</li> <li>- Manager of Legal Affairs and Compliance at Sanad Insurance Company.</li> <li>- Head of Legal Affairs and Compliance at Al Jazeera Takaful Company.</li> <li>- Manager of Legal Affairs and Compliance at ACIG Insurance Company.</li> <li>- General Manager of Legal and Compliance at AQWA Power</li> </ul>	<ul style="list-style-type: none"> <li>- Master degree in Law from Brunel University / UK</li> <li>- Bachelor's degree in Sharia from Umm Al-Qura University</li> </ul>	- More than 11 years in the field of insurance and banking
Salem Alruhailie (Risk Committee Member)	- CFO of Economic Cities and Special Zones Authority	<ul style="list-style-type: none"> <li>- CFO of the Saudi Enaya Insurance Company.</li> <li>- Director of Financial Planning and Performance at National Commercial Bank.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor degree in of Accounting from King Saud University with honors.</li> <li>- Master degree in Accounting from Case Western Reserve University in Ohio.</li> <li>- MBA from Case Western Reserve University in Ohio.</li> </ul>	- More than 20 years in several fields, including training, consulting, financial analysis, financial control, financial planning and performance measurement.

#### 6-4 Meetings of Board of Directors:

During year 2021, the Board of Directors held four meetings, and the following is the record of its members' attendance:

Member \ Date	23/03/2021	20/09/2021	08/11/2021	27/12/2021	No. of meetings attended by the member
Eng. Mahmoud Al Toukhi	✓	✓	✓	✓	4
Dr. Abdullah Al-Mussa	✓	✓	✓	✓	4
Mr. Abdulrahman Alsakran	✓	✓	✓	✓	4
Mr. Naif ALSudairy	✓	✓	✓	✓	4
Mr. Pierre Pharaon	✓	✓	✓	✓	4
Mr. Haitham Al-Foraih	✓	✓	✓	✓	4
Mr. Bader Alswailem	✓	✓	✓	✓	4

#### 6-5 The Most Important Actions of the Board of Directors During year 2021 and the Decisions have been Taken:

- Meeting with the external actuary and reviewing his reports for year 2020.
- Approving the company's strategy for year 2021.
- Approving the company's budget for year 2021.
- Approving the updated organizational structure of the company.
- Approving the structure of the investment committee.
- Approving the plan of the Audit Committee for year 2021.
- Approving the quarterly financial statements for year 2021.
- Approving the amendments to the company's Articles of Association and recommending it to the General Assembly for approval.
- Approving the Board of Directors' report for year 2020 and recommending it to the General Assembly for approval.
- Keeping abreast of the latest developments regarding the merger with Saudi Enaya Cooperative Insurance Company.
- Authorizing the Chairman of the Board of Directors to sign the merger agreement with Saudi Enaya Cooperative Insurance Company.
- Reviewing the report of the reinsurance agreements.
- Meeting with the Audit Committee to review the Committee's achievements during year 2021.
- Reviewing the report of the Central Bank of Saudi Arabia, which includes its review of the actuarial reports for year 2020.
- Inviting the company's shareholders to hold an Extraordinary General Assembly meeting and an Ordinary General Assembly.
- Approving some policies:
  - Anti-Money Laundering and Terrorist Financing Policy
  - Annual Anti-Money Laundering and Terrorist Financing Program

- Remuneration Policy for Members of the Board of Directors and its Committees and a recommendation to the Assembly for approval
- Executive Management Remuneration Policy and recommendation to the Assembly for approval
- Technical Authority Policy
- Reinsurance Policy

#### **6-6 The Board of Directors Mechanism in Evaluating its Performance and the Performance of its Committees and Members:**

The Board of Directors is committed to evaluating the effectiveness of its members as well as its affiliated committees. The Nominations and Remunerations Committee, when designing evaluation models, took into account the size and effectiveness of members' participation and the impact of their participation on the work of the Board and its affiliated committees.

#### **6-7 Board Members Remuneration and Allowances:**

In accordance to the Policy of Remuneration for Members of the Board of Directors and its Committees, which was approved by the Board of Directors on 20/09/2021G and recommended for approval by the General Assembly at the next meeting, the remunerations and allowances for members of the Board of Directors are as follows:

- The maximum amount paid does not exceed the maximum limit specified in the Companies Law (the sum of what a board member receives of financial or in-kind rewards and benefits) which is 500,000 Saudi riyals.
- A member of the Board of Directors is entitled to receive an annual remuneration provided that he attends at least two thirds of the meetings held during the financial year.
- The amount of the annual bonus is estimated based on the date of joining and leaving (provided that the minimum attendance is two-thirds of the meetings held between the date of joining and leaving during the period).
- The remuneration is determined according to a fixed annual amount, without attendance fees, as the remuneration of the chairman of the board is 180,000 Saudi riyals and a board member is 120,000 Saudi riyals.
- Each member of the Board is paid, including the chairman; the value of the actual expenses they incur in order to attend Board meetings, including travel, accommodation and subsistence expenses.
- Each member of the Board, including the Chairman, is paid an allowance of 3,000 Saudi riyals for attending the Board's meetings for each meeting.

According to the recommendation of the Nomination and Remuneration Committee, which was approved by the Board of Directors, as follows:

Board members waive (50%) of their annual remuneration for the fiscal year 2021, with a total amount of (450,000 Saudi Riyals) due to the financial conditions the company is going through.

Remuneration of Board of Directors																	
	Fixed Remuneration								Variable Remuneration						End of Services Award	Aggregate Amount	Expenses Allowance
	Specific Amount	Allowance for Attending Board Meetings	Total Allowance for Attending Committee Meetings	In-linked benefit	Remuneration for technical, managerial and Consultative Work	Remuneration of the Chairman, Managing Director or Secretary if a member	Remuneration of the Chairman and members	Total	% Of Profit	Periodic Remuneration	Short term Incentive Plans	Long term Incentive Plans	Granted shares	Total			
First Independent Directors:																	
Eng. Mahmoud Al Toukhi		12,000	12,000				90,000	114,000								114,000	
Dr. Abdullah Al-Mussa		12,000	15,000				60,000	87,000								87,000	
Mr. Bader Alswailem		12,000	25,500				60,000	97,500								97,500	
Mr. Haitham Al-Foraih		12,000	12,000				60,000	84,000								84,000	
Total		48,000	64,500				270,000	382,500								382,500	
Second Non - Executive Directors:																	
Mr. Abdulrahman Alsakran		12,000	15,000				60,000	87,000								87,000	
Mr. Naif AlSudairy		12,000	15,000				60,000	87,000								87,000	
Mr. Pierre Pharaon		12,000	15,000				60,000	87,000								87,000	
Total		36,000	45,000				180,000	261,000								261,000	
Aggregate Amount		84,000	109,500				450,000	643,500								643,500	

The company has not paid any variable remuneration, including a percentage of profits, periodic bonus, short-term incentive plans, long-term incentive plans, to any independent or non-executive member of the Board of Directors. The Board also confirms that there is no fundamental deviation from the policy of remuneration and allowances for Board members and its committees.

#### 6-8 Committees Members Remuneration and Allowances:

In accordance to the Policy of Remuneration for Members of the Board of Directors and its Committees, which was approved by the Board of Directors on 20/09/2021G and recommended for approval by the General Assembly at the next meeting, the remunerations and allowances for members of the Board of Directors are as follows:

- The maximum amount paid does not exceed the maximum specified in the Companies Law (the sum of what a member of the committees emanating from the Board of Directors receives in terms of financial or in-kind rewards and benefits) which is 500,000 Saudi riyals.
- A member of the committees emanating from the Board of Directors is entitled to receive an annual remuneration provided that he attends at least two thirds of the meetings held during the fiscal year.

- The amount of the annual bonus is estimated based on the date of joining and leaving (provided that the minimum attendance of two-thirds of the meetings held between the date of joining and leaving during the period is achieved),
- The remuneration is determined according to a fixed annual amount, without attendance fees, and the remuneration of each member of the committees from outside the board is 50,000 Saudi riyals annually.
- The Board of Directors are not entitled to a remuneration for any member of the committees from.
- Each member of the committees emanating from the Board of Directors is paid, including the chairmen of the committees; the value of the actual expenses they incur in order to attend the meetings of the committees, including travel, accommodation and subsistence expenses.
- Each member of the committees emanating from the Board of Directors, including the chairman of the committees (whether they are from outside the Board or members of the Board of Directors), is paid an allowance of 1,500 Saudi Riyals for each session.

Committees Members Remuneration					
Name	Title	Membership Classification	Fixed Remuneration (Other than Allowance for Attending)	Allowance for Attending	Total
<b>1) Executive Committee:</b>					
Dr. Abdullah Al-Mussa	Chairman	Independent		9,000	9,000
Mr. Abdulrahman Alsakran	Member	Non-Executive		9,000	9,000
Mr. Naif ALSudairy	Member	Non-Executive		9,000	9,000
Mr. Pierre Pharaon	Member	Non-Executive		9,000	9,000
<b>Total</b>			<b>0</b>	<b>36,000</b>	<b>36,000</b>
<b>2) Audit Committee:</b>					
Mr. Bader Alswailem	Chairman	Independent		25,500	25,500
Mr. Husam Sadagah	Member	Independent Non-Board Member	50,000	22,500	72,500
Mr. Maged A. Algoaid	Member	Independent Non- Board Member	50,000	24,000	74,000
<b>Total</b>			<b>100,000</b>	<b>72,000</b>	<b>172,000</b>
<b>3) Nomination and Remuneration Committee:</b>					
Dr. Abdullah Al-Mussa	Chairman	Independent		6,000	6,000
Eng. Mahmoud Al Toukhi	Member	Independent		6,000	6,000
Mr. Haitham Al-Foraih	Member	Independent		6,000	6,000
<b>Total</b>			<b>0</b>	<b>18,000</b>	<b>18,000</b>
<b>4) Risk Committee:</b>					
Mr. Abdulrahman Alsakran	Chairman	Non-Executive		6,000	6,000
Mr. Naif ALSudairy	Member	Non-Executive		6,000	6,000
Salem Alruhailie	Member	Independent Non- Board Member	50,000	6,000	56,000
<b>Total</b>			<b>50,000</b>	<b>18,000</b>	<b>68,000</b>
<b>5) Investment Committee:</b>					
Mr. Haitham Al-Foraih	Chairman	Independent		6,000	6,000
Eng. Mahmoud Al Toukhi	Member	Independent		6,000	6,000
Mr. Pierre Pharaon	Member	Non-Executive		6,000	6,000
<b>Total</b>			<b>0</b>	<b>18,000</b>	<b>18,000</b>

The company has not paid any variable remuneration, including a percentage of profits, periodic bonus, short-term incentive plans, long-term incentive plans, to any independent or non-executive member of the committees.

The Board also confirms that there is no fundamental deviation from the policy of remuneration and allowances for Board members and its committees.

#### 6-9 A statement of any Arrangement or Agreement Under Which a Member of the Board of Directors or a Senior Executive Has Waived His Remuneration:

- According to the recommendation of the Nomination and Remuneration Committee approved by the Board of Directors, Board members waive (50%) of their annual remuneration for the fiscal year 2021, with a total amount of (450,000 Saudi Riyals) due to the financial conditions the company is going through.
- According to the recommendation of the Nomination and Remuneration Committee approved by the Board of Directors, no remunerations will be offered to the executive management and the company's employees for the fiscal year 2021.

#### 6-10 Number of Shares Owned by Members of the Board of Directors During Year 2021:

The following table shows the percentage of ownership by the members of the Board of Directors in its fourth cycle in the company's shares during year 2021. Note that there is no interest belonging to the spouses of the members of the Board of Directors and their minor children in the company's shares or debt instruments.

No.	Name	Beginning of the Year			End of the Year			Net Change	% Change
		No. of Shares	%	Debt Instruments	No. of Shares*	%	Debt Instruments		
1.	Eng. Mahmoud Al Toukhi	300,000	%1.25	-	162,500	%1.25	-	-	%0
2.	Dr. Abdullah Al-Mussa	749	%0.00312	-	405	%0.00311	-	-	%0
3.	Mr. Abdulrahman Alsakran	2,625	0.01093%	-	1,421	0.01093%	-	-	%0
4.	Mr. Bader Alswailem	20	0.000083%	-	10	%0.000076	-	-	%0

\* The number of shares of the members of the Board of Directors has been reduced due to the reduction of the capital of Amana Cooperative Insurance Company from 240 million Saudi Riyals to 130 million Saudi Riyals, according to the approval of the Extraordinary General Assembly held on 05/23/2021G.

#### 7) Transactions with Related Parties:

Some annual insurance contracts were concluded to which the company was a party and in which there is an interest for some members of the Board of Directors. The company did not give any special advantage to these contracts, which are as follows:

(Amounts in Thousands Saudi Riyals)

Entity Name	Deal type	Period	Total Amounts
AlSaif Group	Insurance Policy	One Year	5,528
Al-Durra Al-Reada Co.	Insurance Policy	One Year	45
Mr. Abdulrahman Al-Sakran	Insurance Policy	One Year	10

- Al-Saif Group of Companies: in which the members of the Board of Directors, Mr. Naif Faisal Al-Sudairi and Mr. Abdulrahman Abdullah Al-Sukran, have an indirect interest.
- Al-Durra Leading Company: in which the CEO has a direct interest.
- Abdul-Rahman Al-Sukran: In which the member of the Board of Directors, Mr. Abdul-Rahman Abdullah Al-Sukran, has a direct interest.

- Medical claims management contract with GlobeMed Saudi Company: in which the members of the Board of Directors, Mr. Naif Faisal Al-Sudairi, Mr. Pierre Michel Pharaon and Mr. Abdulrahman Abdullah Al-Sakran have an indirect interest, where the total amount paid to GlobeMed Company amounted to the value of administrative fees during year 2021, amounting to 5,180 (thousand Saudi Riyals) for the services they provided.

Also, during year 2021, there were no contracts in which the company was a party or in which there was a substantial interest, except for what was listed above.

## 8) General Assemblies:

Amana Cooperative Insurance Company has called for two General Assemblies for the company's shareholders during year 2021, which are as follows:

### 8-1 The Extraordinary General Assembly Meeting 11/10/1442H Correspondent to 23/05/2021G through modern technology and the attendees were:

Eng. Mahmoud Al Toukhi	Chairman
Dr. Abdullah Al-Mussa	Deputy Chairman
Mr. Abdulrahman Alsakran	Member
Mr. Naif ALSudairy	Member
Mr. Pierre Pharaon	Member
Mr. Haitham Al-Foraih	Member
Mr. Bader Alswailem	Member

### The Decisions of the Meeting:

- 1- Approved to the Board of Directors recommendation of reducing the company's capital as following:
  - A- Capital before decrease SR 240,000,000 Capital after decrease SR 130,000,000 Percentage of Capital decrease 45.833 %.
  - B- Number of Shares before Decrease 24,000,000 Number of Shares after Decrease 13,000,000.
  - C- Reasons for the Capital Decrease: Restructuring the company's capital to write-off part of the accumulated losses for an amount of SR 110,000,000.
  - D- Method of Capital Decrease: Writing-off 11,000,000 shares, which is equivalent of 1 share for each 2.1818 shares.
  - E- Impact of the Capital Decrease on the Company's Obligations, Operations or Operational, Financial or Organizational Performance of the Company: There is no material impact from reducing the capital on the company's obligations, operational, financial or organizational performance.
  - F- If the item is approved, reduction resolution shall be effective on the eligible shareholders who are holding shares on day of convening the Extra-Ordinary General Assembly and who are registered in the shareholders' registry with the Securities Depository Center Company ("Edaa") at the end of the second trading day following the date of convening the Extraordinary General Assembly meeting, in which the capital reduction was decided.

- G- Amending Article (8) of the Company's bylaws relating to Capital.
- 2- Approved the amendment of Article (3) of the Company's bylaws relating to (Company Objective).
  - 3- Approved the amendment of Article (4) of the Company's bylaws relating to (Participation and Ownership in Companies).
  - 4- Approved the amendment of Article (5) of the Company's bylaws relating to (The Company's Location).
  - 5- Approved the amendment of Article 7 of the Company's By-Laws relating to (Company Investment).
  - 6- Approved the amendment of Article 12 of the Company's By-Laws relating to (Stock Trading).
  - 7- Approved the amendment of Article 13 of the Company's By-Laws relating to (Capital Increase).
  - 8- Approved the amendment of Article 14 of the Company's By-Laws relating to (Capital Decrease).
  - 9- Approved the amendment of Article 16 of the Company's By-Laws relating to (The Board Term Expiry).
  - 10- Approved the amendment of Article 17 of the Company's By-Laws relating to (Vacancy in the Board).
  - 11- Approved the amendment of Article 18 of the Company's By-Laws relating to (The Board Authorities).
  - 12- Approved the amendment of Article 19 of the Company's By-Laws relating to (The Board Remuneration).
  - 13- Approved the amendment of Article 20 of the Company's By-Laws relating to (The authorities of the Chairman, Vice-Chairman, Deputed Member and Company Secretary).
  - 14- Approved the amendment of Article 22 of the Company's By-Laws relating to (Quorum of the Board Meetings).
  - 15- Approved the amendment of Article 24 of the Company's By-Laws relating to (Agreements and Contracts).
  - 16- Approved the amendment of Article 25 of the Company's By-Laws relating to (Attending the General Assembly Meeting).
  - 17- Approved the amendment of Article 26 of the Company's By-Laws relating to (The Constituent Assembly).
  - 18- Approved the amendment of Article 27 of the Company's By-Laws relating to (Competence of the Constituent Assembly).
  - 19- Approved the amendment of Article 28 of the Company's By-Laws relating to (The Ordinary General Assembly Competence).
  - 20- Approved the amendment of Article 30 of the Company's By-Laws relating to (Invitation to General Assembly Meetings).
  - 21- Approved the amendment of Article 32 of the Company's By-Laws relating to (The Ordinary General Assembly Meeting Quorum).
  - 22- Approved the amendment of Article 33 of the Company's By-Laws relating to (The Extraordinary General Assembly Quorum).
  - 23- Approved the amendment of Article 39 of the Company's By-Laws relating to (The appointing of the Auditors).
  - 24- Approved the amendment of Article 41 of the Company's By-Laws relating to (The Auditors' commitments).
  - 25- Approved the amendment of Article 43 of the Company's By-Laws relating to (Financial Statements).
  - 26- Approved the amendment of Article 45 of the Company's By-Laws relating to (Zakat and Reserves).

- 27- Approved the amendment of Article 46 of the Company's By-Laws relating to (Profitability).
- 28- Approved the amendment of Article 49 of the Company's By-Laws relating to (Responsibility of the Board of Directors Members).
- 29- Approved the amendment of Article 50 of the Company's By-Laws relating to (The expiration of the Company).

**8-2 The Ordinary General Assembly Meeting 19/11/1442H Correspondent to 29/07/2021G through modern technology and the attendees were:**

Eng. Mahmoud Al Toukhi	Chairman
Dr. Abdullah Al-Mussa	Deputy Chairman
Mr. Abdulrahman Alsakran	Member
Mr. Naif ALSudairy	Member
Mr. Pierre Pharaon	Member
Mr. Haitham Al-Foraih	Member
Mr. Bader Alswailem	Member

**The Decisions of the Meeting:**

- 1- Approved the auditors' report on the Company's accounts for the fiscal year end 31/12/2020 G.
- 2- Approved the financial statements for the fiscal year end 31/12/2020 G.
- 3- Approved the Board of Directors' report for the fiscal year end 31/12/2020 G.
- 4- Approved absolving the Board of Directors of their responsibility for managing the Company for the fiscal year end 31/12/ 2020 G.
- 5- Approved appointing the auditors for the Company from among the candidates based on the Audit Committee's recommendation. The appointed auditors shall examine, review and audit the second, third, and fourth quarter and annual financial statements, of the fiscal year 2021 G, and the first quarter of the fiscal year 2022 G, and the determination of the auditors' remuneration.
- 6- Approved paying an amount of SAR (1,080,000) as remuneration to the Board Members for the fiscal year end 31/12/ 2020 G.
- 7- Approved the business and contracts concluded or that will be concluded between the Company and Alsaif Group Company, in which the Board members Mr. Naif Alsudairy and Mr. Abdulrahman Alsakran have an indirect interest. These businesses and contracts are multiple annual insurance policies of SAR (27,381,000) without special conditions or benefits.
- 8- Approved the business and contracts concluded or that will be concluded between the Company and Mr. Naif Alsudairy, in which the Board member Mr. Naif Alsudairy has a direct interest. These businesses and contracts are multiple annual insurance policies of SAR (13,000) without special conditions or benefits.
- 9- Approved the business and contracts concluded or that will be concluded between the Company and Mr. Abdulrahman Alsakran, in which the Board member Mr. Abdulrahman Alsakran has a direct interest. These businesses and contracts are multiple annual insurance policies of SAR (16,000) without special conditions or benefits.

- 10- Approved the business and contracts concluded or that will be concluded between the Company and GlobeMed Saudi, in which the Board members Mr. Naif Alsudairy, Mr. Pierre Pharaon and Mr. Abdulrahman Alsakran have an indirect interest. This business and contract is medical claims management contract for year 2020G of SAR (11,384,000) without special conditions or benefits.

### 8-3 A Statement of the Company's Requests for Shareholder Records:

No.	Request Date	Records Date	Request Type	Reasons
1.	21/01/2021	11/01/2021	Amounts of shares according to identity	Corporate Actions
2.	04/03/2021	03/03/2021	limitations	Corporate Actions
3.	20/05/2021	19/05/2021	Amounts of shares according to identity	Corporate Actions
4.	23/05/2021	23/05/2021	Amounts of shares according to identity	General assemblies
5.	22/06/2021	22/06/2021	limitations	Corporate Actions
6.	22/06/2021	22/06/2021	Amounts of shares according to identity	Corporate Actions
7.	29/06/2021	29/06/2021	Amounts of shares according to identity	General assemblies
8.	07/07/2021	06/07/2021	Amounts of shares according to identity	Corporate Actions
9.	07/07/2021	14/06/2021	Amounts of shares according to identity	Corporate Actions
10.	31/08/2021	30/08/2021	Amounts of shares according to identity	Corporate Actions
11.	24/11/2021	23/11/2021	Amounts of shares according to identity	Corporate Actions
12.	29/11/2021	29/11/2021	Amounts of shares according to identity	Corporate Actions
13.	06/12/2021	05/12/2021	Amounts of shares according to identity	Corporate Actions
14.	13/12/2021	12/12/2021	Amounts of shares according to identity	Corporate Actions
15.	20/12/2021	19/12/2021	Amounts of shares according to identity	Corporate Actions
16.	27/12/2021	26/12/2021	Amounts of shares according to identity	Corporate Actions

## 9) Executive Management:

### 9-1 Brief about the Executive Management:

Name	Current Position	Previous Position	Qualifications	Experience
Sulaiman Hilal	Chief Executive Officer	Chief Executive Officer	Bachelor's degree in Business Administration from King Abdulaziz University	Practical experience more than 23 years in various activities
Bader Al Shammary	Chief Operation Officer	Chief Operation Officer	Diploma in Insurance Business from the Institute of Public Administration. He holds several professional certificates in the field of insurance, the most important of which is the HIA Certificate from the American Health Insurance Association	Practical experience more than 28 years in the insurance sector, the banking sector, and in various activities.
Salman Ali Iqbal	Chief Financial Officer – Acting*	Financial Consultant	Diploma in insurance business from the Institute of Public Administration, holder of several professional certificates in the field of insurance, the most important of which is the HIA certificate from the American Health Insurance Association	Practical experience of more than 18 years in various activities
Amal Al Onazi	Chief HR & Support	Chief HR & Support	A master's degree in business	Practical experience of more

Name	Current Position	Previous Position	Qualifications	Experience
	Services officer	Services officer	administration from King Saud University, and he is a supervisor of diploma certificates provided by the Chamber of Commerce.	than 24 years in the insurance sector, the banking sector, and in various activities.
Thamir AlNouri	Chief of Sales & Marketing Officer**	Chief of Sales & Marketing Officer	He holds a master's degree in executive business administration, and holds a bachelor's degree in systems - College of Economics and Administration from King Abdulaziz University, and he also holds several specialized certificates in the field of insurance.	Practical experience of more than 20 years in the banking and insurance sector and in various activities
Majed AlKhamisi	Head of Risk	Head of Risk	Master's degree in Risk Management from the University of Glasgow Caledonia - UK, and he also holds a Diploma in Risk Management from GradIRM Institute - UK.	10 years in banking and investment, in addition to 6 years in insurance and risk management.
Ali Jazzar	Head of Compliance & Governance	Head of Compliance & Governance	High school degree, and he also holds several certificates in the field of compliance and combating money laundering, as certificated by the Banking Institute, the American Financial Institute and the British Henley University	Practical experience more than 17 years in the banking and insurance sector and in various activities.
Mohammed Al Abbad	Internal Audit Manager	Internal Audit Manager	Bachelor's degree in accounting from King Fahd University of Petroleum and Minerals, holder of certificates in the field of internal audit and a certificate in the field of insurance fundamentals	Practical experience more than 14 years in the insurance sector.

\* Chief of Sales & Marketing Officer was assigned to act the position on November 17/11/2021G

\*\* Chief of Sales & Marketing Officer was appointed to the position on 06/05/2021G

## 9-2 The Number of Shares Owned by Executives During Year 2021:

There is no interest belonging to executive management, their spouses and minor children in the company's shares or debt instruments.

No	Name	Beginning of the Year			End of the Year			Net Change Debt Instruments	% Change No. of Shares
		No. of Shares	%	Debt Instruments	No. of Shares*	No. of Shares	%		
1.	Sulaiman Hilal	-	-	-	-	-	-	-	%0
2.	Bader Al Shammary	-	-	-	-	-	-	-	%0
3.	Salman Ali Iqbal	-	-	-	-	-	-	-	%0
4.	Amal Al Onazi	-	-	-	-	-	-	-	%0
5.	Thamir AlNouri	-	-	-	-	-	-	-	%0
6.	Majed AlKhamisi	-	-	-	-	-	-	-	%0
7.	Ali Jazzar	-	-	-	-	-	-	-	%0
8.	Mohammed Al Abbad	-	-	-	-	-	-	-	%0

### 9-3 Remuneration and Compensation for Executive Management:

In accordance with the Executive Management Remuneration Policy approved by the Board of Directors on 20/09/2021G and recommended for approval by the General Assembly at the next meeting, the remuneration of the executive management shall be in accordance with the following criteria:

- 1- The executive administrator must successfully pass the regular probation period mentioned in the work contract.
- 2- He should not be subject to prosecution in matters related to the job or matters that violate good conduct.
- 3- That the executive administrator should not be subject to investigation or have been subject to any penalties during the last year.
- 4- The value of the rewards is directly related to the results of the annual performance evaluation according to the goals set for senior executives.
- 5- Approval and recommendation of the Nomination and Remuneration Committee, for annual and exceptional remunerations in accordance with the approved budget.
- 6- The decision to grant remunerations to executive managers is based on the recommendation of the Nomination and Remuneration Committee.

The following table shows the details of the remuneration and compensation obtained by executive management, which are as follows:

	Fixed remuneration				Variable remuneration						End of Service	Total remuneration for the board executives	Over All
	Salaries	Allowances	Benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Shares	Total			
Chief Executive Officer	1,454,400	399,600		1,854,000									1,854,000
Chief Operation Officer	703,200	256,800		960,000									960,000
Chief HR & Support Services officer	600,000	228,000		828,000									828,000
Head of Risk	480,000	191,000		671,000									671,000
Head of Compliance & Governance	440,040	177,502		617,542									617,542
Chief Financial Officer – Acting*	541,692	203,427		745,119									745,119
Internal Audit Manager	345,000	148,750		493,750									493,750
Chief of Sales & Marketing Officer**	347,800	137,866		485,666									485,666

	Fixed remuneration				Variable remuneration						End of Service	Total remuneration for the board executives	Over All
	Salaries	Allowances	Benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Shares	Total			
Total	4,912,132	1,742,945		6,655,077									6,655,077

We would also like to clarify:

- There are no executive board members in the Board of Directors of Amana Cooperative Insurance Company.
- According to the recommendation of the Nominations and Remunerations Committee and approved by the Board of Directors, no remunerations will be offered to the executive management and the company's employees for the fiscal year 2021.
- The company has not paid any variable bonuses, including a percentage of profits, periodic bonus, short-term incentive plans, long-term incentive plans, to the executive management, and the board confirms that there is no fundamental deviation from the Executive Management Remuneration Policy.

#### 10) Board of Directors Committees:

##### 10-1 Audit Committee:

The Audit Committee was formed in accordance with the Companies Law and the rules and provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, the Audit Committees Regulations issued by Saudi Central Bank and the Company's Articles of Association.

The functions and tasks of the audit committee include the following:

- Recommending the Board of Directors to approve the appointment of external auditors and determine their fees. This includes ensuring that the nominated external auditors have the expertise and independence necessary to review the company's business for year 2021 and the first quarter of 2022.
- Reviewing and discussing the annual and quarterly financial statements with the external auditors and the company's senior management before recommending them to the Board of Directors to publish them.
- Reviewing the reports of the Internal Audit Department and the Compliance Department, and making recommendations thereon.
- Reviewing the observations of the relevant supervisory and supervisory authorities regarding any regulatory violations or the required corrective measures and making recommendations in this regard to the Board of Directors.
- Assessing the level of efficiency, effectiveness and objectivity of the work of the external auditors, the Internal Audit Department and the Compliance Department.
- Follow up on important lawsuits filed by the company or against it with the Director of the Compliance Department, and submit periodic reports on them to the Board of Directors.
- Ensuring the company's commitment to applying the actuarial expert's suggestions and recommendations when they are mandatory according to the regulations and instructions issued by the Central Bank and the relevant supervisory and supervisory authorities.

The Audit Committee was formed for the current (fourth cycle) after the approval of the General Assembly to select its members at its meeting held on 24/02/1441H corresponding to 10/23/2019G. The committee includes the following:

Membership	Name	Type
Chairman	Mr. Bader Alswailem	Independent Board Member
Member	Mr. Husam Sadagah	Independent Non-Board Member
Member	Mr. Maged A. Algoaid	Independent Non-Board Member

During year 2021, the committee held 17 meetings, in which attendance was as follows:

Date	Mr. Bader Alswailem	Mr. Husam Sadagah	Mr. Maged A. Algoaid
25/01/2021	✓	✓	✓
21/02/2021	✓	✓	✓
21/03/2021	✓	✓	✓
24/03/2021	✓	Excuse	✓
11/04/2021	✓	✓	✓
13/04/2021	✓	✓	✓
18/05/2021	✓	Excuse	✓
03/06/2021	✓	✓	✓
10/06/2021	✓	✓	Excuse
11/07/2021	✓	✓	✓
18/08/2021	✓	✓	✓
08/09/2021	✓	✓	✓
28/09/2021	✓	✓	✓
20/10/2021	✓	✓	✓
03/11/2021	✓	✓	✓
24/11/2021	✓	✓	✓
15/12/2021	✓	✓	✓
Number of meetings attended by the member	17	15	16

#### The Most Important Decisions of the Committee During Year 2021:

- Recommending approval of the appointment of external auditors to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2021 and the first quarter of the fiscal year 2022.
- Reviewing and discussing the annual plan of the auditors for the year 2021.
- Reviewing and discussing the company's quarterly financial statements for the year 2021 and the company's annual for the year 2020 with the executive management and external auditors and recommending them to the Board of Directors for their approval.
- Preparing the annual work plan for the Audit Committee for the year 2021.
- Recommending to the Board of Directors to assign some of the functions of the Internal Audit Department to a specialized service provider for the fiscal year 2021.
- Approval of the risk-based internal audit plan for the three-year period from 2021-2023.

- Studying the notes received from the company's internal and external auditors and following up on their implementation according to the timetable agreed upon with the company's management.
- Reviewing and following up on the reports received from the Compliance Department, reviewing the Saudi Central Bank's observations and the appropriateness of corrective measures.
- Review of IFRS-17 Phase III Implementation of International Financial Reporting Standard 17.
- Examine the important lawsuits filed by the company or against it, and their reasons to determine its current condition and recommend what should be done about it.

#### 10-2 Executive Committee:

The Executive Committee was formed for the current (fourth cycle) after the decision of Board of Directors held on 17/09/1440H corresponding to 22/05/2019G. The committee includes the following:

Membership	Name	Type
Chairman	Dr. Abdullah Al-Mussa	Independent Board Member
Member	Mr. Abdulrahman Alsakran	Non-Executive Board Member
Member	Mr. Naif ALSudairy	Non-Executive Board Member
Member	Mr. Pierre Pharaon	Non-Executive Board Member

#### The functions, tasks and responsibilities of the Executive Committee include the following:

- Follow up the company's long, medium and short-term strategic plans and objectives, update and review them from time to time and ensure the implementation of the company's business plan.
- Follow up the implementation of the company's estimated budgets and make recommendations thereon.
- Follow up the company's performance level to achieve the set goals.
- Providing the executive management with direction and guidance towards the best practices of the company's management.
- Follow-up and review of all important issues related to cases brought before the judiciary and emergency cases and claims that require to appear in the accounting statements.
- Choosing and assigning advisory bodies as it deems appropriate for the interest of the work.
- Any other responsibilities that the Board deems to be assigned to the Committee.

During year 2021, the committee held 6 meetings, in which attendance was as follows:

Date \ Name	Dr. Abdullah Al-Mussa	Mr. Abdulrahman Alsakran	Mr. Naif ALSudairy	Mr. Pierre Pharaon
18/01/2021	✓	✓	✓	✓
08/03/2021	✓	✓	✓	✓
19/04/2021	✓	✓	✓	✓
03/06/2021	✓	✓	✓	✓
23/08/2021	✓	✓	✓	✓
25/10/2021	✓	✓	✓	✓
Number of meetings attended by the member	6	6	6	6

#### **The Most Important Decisions of the Committee:**

- The Committee's approval of Amana Cooperative Insurance Company's strategy for the year 2021, and the Committee recommended that the matter be referred to the Board of Directors for approval of the company's strategy.
- The Committee's approval of the budget of Amana Cooperative Insurance Company for the year 2021, riyals. The Committee recommended that the matter be referred to the Board of Directors for approval of the company's budget.
- The Committee's approval to appoint PWC Company in the amount of \$380,000 in order to work on implementing the third and fourth phases of International Financial Reporting Standard No. (17) (IFRS17).
- Recommending the approval of the updated banking authorities.
- Recommending not to renew the reinsurance agreement that expires at the end of September 2021, due to its negative impact on the financial results, and to postpone the new agreement to the post-merger stage with Saudi Enaya Company.
- Develop various scenarios to re-estimate the company's balance sheet based on accumulated losses.

#### **The Most Important Recommendations of the Committee:**

- Implementation of the corrective measures adopted by the Committee after the losses of the third quarter of the year 2020 AD to reduce the large losses of the medical sector and work to reduce the percentage of loss and renew only profitable documents or raise the prices of the losing ones to be profitable with strong reservations when subscribing new documents and based on document history, actuarial policies and merit Credit to the client, and working with the medical claims management service provider to raise work efficiency, integrate systems, and share detailed claims reports.
- Preparing a plan to reduce and rationalize expenditures, including human resources and other public expenditures. The plan was presented to the committee and approved, and it periodically follows up.
- Focusing on targeting small and micro enterprises with raising prices on some age groups and some groups with high usage, due to the intense competition in the corporate sector, which contributed to most of the losses in the medical sector.
- Recommending the importance of introducing new services, such as securing visit visas, marine insurance, and insurance for homes and shops, as it is characterized by a lower intensity of competition compared to the medical sector and the vehicle sector. The administration reported the readiness of these services, but it was unable to obtain regulatory approvals for most of them due to the weak solvency of the company.
- Due to the high percentage of losses, especially in the third-party vehicle insurance policies, the committee recommended presenting the results for the year of subscription for the current year 2021 to see the extent of improvement in the percentage of losses in this sector, in order to know the effectiveness of the measures recommended by the committee and taken by management to reduce the loss rate. The committee also recommended a weekly follow-up of the results of this sector and taking the necessary measures to achieve profitability, even if this led to a decrease in sales due to the sensitivity of the company's financial situation during this period.

The committee later recommended that the prices offered by the actuary be adhered to so that the profitability of this sector is clear, which is characterized by intense competition, especially through the channels of electronic service providers that display to the customer the prices of all companies participating in these channels, and the price is the main determinant of choosing the policy by the customer.

- Focusing on collection, especially from reinsurers, due to the obsolescence of their receivables, their size, and their negative impact on cash flows and possibly profitability in the event of default. The committee also recommended the importance of developing customer creditworthiness policies and procedures and presenting them to the committee later.

### 10-3 Nominations and Remuneration Committee:

The Nomination and Remuneration Committee was formed for the current (fourth cycle) after the decision of Board of Directors held on 17/09/1440H corresponding to 22/05/2019G. The committee includes the following:

Membership	Name	Type
Chairman	Dr. Abdullah Al-Mussa	Independent Board Member
Member	Eng. Mahmoud Al Toukhi	Independent Board Member
Member	Mr. Haitham Al-Foraih	Independent Board Member

**The Duties, Functions and Responsibilities of the Nomination and Remuneration Committee include the following:**

- Reviewing the structure of the Board of Directors and making recommendations on changes that can be made.
- Preparing and developing a plan for identifying, evaluating and enhancing the competencies of the members of the Board, identifying weaknesses and strengths in the Board of Directors and proposing to address them in line with the company's interest.
- Preparing and developing a succession plan for the members of the Board of Directors and reviewing this plan on a regular basis.
- Issuing necessary guidance on candidates for CEO and Executive Vice President level positions at the company level.
- Develop clear policies for the compensation and rewards of members of the Board of Directors and senior executives, provided that when developing these policies, consideration should be given to the use of performance-related standards, and their review in accordance with the controls decided by the Board from time to time.
- Follow up on the annual budget issues related to employment and supervise the implementation of the company's work policies in accordance with what was stated in the work system and related regulations, and the employees' commitment to the rules of professional conduct.
- Any other responsibilities that the Board deems to be assigned to the Committee.

During year 2021, the committee held 4 meetings, in which attendance was as follows:

Date \ Name	Dr. Abdullah Al-Mussa	Eng. Mahmoud Al Toukhi	Mr. Haitham Al-Foraih
18/02/2021	✓	✓	✓
25/03/2021	✓	✓	✓
23/06/2021	✓	✓	✓
27/10/2021	✓	✓	✓
Number of meetings attended by the member	4	4	4

#### The Most Important Decisions of the Committee:

- Evaluation of the performance of the members of the Board of Directors, the effectiveness of the Board of Directors and the evaluation of senior management (CEO, Chief Financial Officer)
- Review the succession plan for leadership positions.
- Updating and approving the Nominations and Remunerations Committee Charter.
- Approving the remuneration policy for the members of the Board of Directors and its committees.
- Adopting the executive management rewards policy.
- Appointing an internal auditor to review the practice of applying remuneration and compensation within the company.
- A plan to reduce the costs of human resources to meet the financial challenges faced by the company before the merger.
- Review the organizational structure.
- Reviewing the plan to close some low-performance points of sale in terms of the mechanism of dealing with the employees of those points.
- Review of the workforce plan 2021 and the application of new recruitment procedures and the employment of relatives.
- Reviewing, discussing and approving the list of relatives' employment.
- Reviewing the state of Saudization in the company, the insurance basics certificate, and the status of resignations.

#### 10-4 Investment Committee:

The Investment Committee was formed for the current (fourth cycle) after the decision of Board of Directors held on 17/09/1440H corresponding to 22/05/2019G. The committee includes the following:

Membership	Name	Type
Chairman	Mr. Haitham Al-Foraih	Independent Board Member
Member	Eng. Mahmoud Al Toukhi	Independent Board Member
Member	Mr. Pierre Pharaon	Non-Executive Board Member

#### The Investment Committee's functions, tasks and responsibilities include the following:

- Drawing up the investment policy and overseeing its implementation.
- Approving investment activities and monitoring the performance of investment portfolios.

- Reviewing the company's investment policy and re-evaluating it.
- Adherence to the approved regulations and standards in asset allocation, classification and management of investment portfolios.

During year 2021, the committee held 4 meetings, in which attendance was as follows:

Date \ Name	Mr. Haitham Al-Foraih	Eng. Mahmoud Al Toukhi	Mr. Pierre Pharaon
30/06/2021	✓	✓	✓
24/08/2021	✓	✓	✓
09/11/2021	✓	✓	✓
13/12/2021	✓	✓	✓
Number of meetings attended by the member	4	4	4

**The most decisions of the committee:**

- Investing in initial public offerings.
- Direct investment in local stocks.

**10-5 Risk Committee:**

The Risk Committee was formed for the current (fourth cycle) after the decision of Board of Directors held on 17/09/1440H corresponding to 22/05/2019G. The committee includes the following:

Membership	Name	Type
Chairman	Mr. Abdulrahman Alsakran	Non-Executive board member
Member	Mr. Naif ALSudairy	Non-executive board member
Member	Mr. Salem Alruhailie	Independent Non-Board Member

**The functions and responsibilities of the Risk Committee include the following:**

- Determining the risks that the company may be exposed to and maintaining an acceptable level of risk for the company.
- Overseeing the company's risk management system and evaluating its effectiveness.
- Develop a comprehensive strategy for risk management, follow up its implementation, review and update it based on the company's internal and external variables.
- Reviewing risk management policies and approving the risk management manual.
- Overseeing the company's risk management system and evaluating its effectiveness.
- Re-evaluating the company's ability to bear risks and presenting it to the committee periodically.
- Submitting periodic reports to the Board of Directors on exposure to risks and the proposed steps to manage these risks.
- Presenting recommendations to the Board on issues related to risk management.
- Providing the council with reports on the committee's performance, including the appropriate recommendations for the council.

During year 2021, the committee held 4 meetings, in which attendance was as follows:

Date \ Name	Mr. Abdulrahman Alsakran	Mr. Naif ALSudairy	Mr. Salem Alruhailie
10/02/2021	✓	✓	✓
06/05/2021	✓	✓	✓
10/08/2021	✓	✓	✓
05/10/2021	✓	✓	✓
Number of meetings attended by the member	4	4	4

#### The most important decisions of the committee:

- Approving the recommendation of the risk management strategy for the year 2021.
- Determining the company's ability to accept risks after discussion with the Board of Directors, where the committee followed up the indicators of the risk appetite system, clarifying the state of the limits and following up on performance in 2021.
- Approving the tasks and responsibilities of risk management.
- Directing a periodic review of underwriting risks.
- The committee discussed a performance report on the age of the debts, and its continuous follow-up to the accounts receivable, the provisions, the increase in performance, and the effectiveness of their collection.
- The committee discussed a report on the performance of the legal department, including cases, the rate of collection and its follow-up.
- Follow up on violations and fines when they occur and adhere to corrective measures and not repeat them.
- A report on the car portfolio and the extent of the company's management's commitment to the approved plan that is compatible with the company's strategy.
- A report on the potential risks before the merger, as well as after the merger and raising the capital.
- Follow up the periodic reports of cyber security and submit a report on its performance indicators and potential risks.
- The committee discussed a report on the risks that have the highest impact on the company, and presented solutions and recommendations to mitigate their impact.
- Adoption of the internal products committee regulations based on the instructions of the Saudi Central Bank.
- The committee discussed the report of the Customer Service Department to measure the risks and the quality of the service provided, as well as to determine the possibility of organizational risks and the company's potential reputation and to measure the company's performance in providing products and the level of service efficiency.
- A recommendation to update the anti-fraud policy as well as update the risk management policies.

# 11) The Results of the Annual Review of the Effectiveness of the Internal Control Procedures and the Opinion of the Audit Committee on the Adequacy of the Internal Control System in the Company:

The Internal Audit Department has implemented the annual internal audit plan for year 2021 approved by the Audit Committee, and the audit reports have been submitted to the senior management and the Audit Committee. Accordingly, the executive management made an action plan to implement and address all the observations contained in the internal audit reports. In turn, the Audit Committee reviewed these works and included them in its report to the Board of Directors to shed light on the aspects related to the effectiveness of the company's internal control procedures, in addition to including each of the external auditor's comments received regarding his evaluation of the internal control system, as well as the reports of the Compliance Department specialized in evaluating the extent of compliance of the departments. The company and its operations are subject to the relevant laws and regulations, and the Board directed the executive management to take what is necessary to correct and address all observations.

With regard to the results of the annual review of the effectiveness of the company's internal control procedures, the Audit Committee believes that the performance of the audit department during year 2021 achieved a qualitative leap after assigning a large part of the management's operations to a specialized service provider, and based on the reports issued by the Internal Audit Department, the committee believes that the internal control system. The company needs to develop some of its components and develop the company's applicable risk control tools to keep pace with the company's business volume and requirements. Corrective plans have been prepared for all the observations contained in the audit reports issued so far, and work is underway to follow up on the implementation of those plans during the current year 2022.

## 12) Penalties Imposed on the Company

The penalties imposed on Amana Cooperative Insurance Company by the Capital Market Authority, the Saudi Central Bank or other supervisory authorities are as follows:

The subject of the violations	Year 2020		Year 2021	
	No.	Total fines amount in Saudi riyals	No.	Total fines amount in Saudi riyals
Violations of the supervisory instructions of the Central Bank	1	10,000	5	370,000
Violations of the Central Bank's instructions for customer protection	-	-	-	-
Violations of the Central Bank's instructions for due diligence in combating money laundering and terrorist financing	2	310,000	-	-
Total	3	320,000	5	370,000

### 13) Corporate Governance Implementation:

The company has set the foundations and procedures to ensure compliance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority and Saudi Central Bank. The internal regulations and the relevant statutory rules and regulations.

The Board of Directors supervises the company's compliance with governance standards, and the Compliance and Governance Department works in coordination with the Executive Management to review and update governance policies with the aim of promoting a culture of transparency and compliance.

Amana Cooperative Insurance Company has implemented all the provisions and articles of the Corporate Governance Regulations issued by the Capital Market Authority and the application of all the internal governance provisions of the company and the approved policies and procedures. The Board of Directors' report includes all the standards and disclosures issued by the Regulations for the Rules of Offering Securities and Continuing Obligations Article (60) as well as Article (60). (90) of the Corporate Governance Regulations, with the exception of the following article:

Article/Paragraph Number	Article/Paragraph	Status	Reasons not to apply	Comments
9/ paragraph b	The board of directors must set a clear policy regarding the distribution of dividends in a way that achieves the interests of shareholders and the company in accordance with the company's articles of association.	partially	Never in the history of Amana Company has it distributed dividends to its shareholders due to its financial results. However, the issue of dividend distribution is included in the company's articles of association and corporate governance regulations.	A separate policy for the distribution of dividends is being prepared and will be approved by the Board of Directors.
61/ paragraph 1	Preparing a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, provided that such policy is taken into account in following performance-related standards, disclosed and verified its implementation.	partially	A policy for the remuneration of members of the Board of Directors and its committees was issued, as well as another policy related to the remuneration of the executive management. They were also reviewed and approved by the Nominations and Remunerations Committee in June 2021, and they were approved by the Board of Directors in September 2021, and their approval remains from the General Assembly.	Work is underway to add the adoption of these two policies at the next General Assembly meeting. Since after the date of approval of the two policies by the Board of Directors, the company held an extraordinary general assembly in January 2022 and was specialized in the matter of merging with Saudi Enaya Cooperative Insurance Company.