



BOD ANNUAL REPORT

For the Financial Year Ended on 31/12/2021

Dear AICC Shareholders,

Greetings,

The Board of Directors of AICC (the “Company”) is pleased to present to you the following report on The Company’s business results, achievements, plans, important decisions, and disclosures in accordance with the rules of registration and listing, the Corporate Governance Regulations and the Insurance Companies Governance Regulations, wherewith attached the report of the external auditors and the audited financial statements for the financial year ending on 31/12/2021.

1) Company’s Business:

AICC is a Saudi public JSC established as per Royal Decree No. (M/23) dated 15/03/1428H (corresponding to 03/04/2007) and Cabinet Resolution No. (93) dated 14/03/1428 AH (corresponding to 02/04/2007). It operates under Commercial Registration No. 1010243302 issued in Riyadh on 18/01/1429 AH (corresponding to 27/01/2008). The Company's capital is two hundred and sixty-five million Saudi riyals (SAR 265,000,000), divided into twenty-six million five hundred thousand (26,500,000) ordinary shares with a nominal value of ten Saudi riyals (SAR 10/-) per share, which is totally paid. The shares have been listed on the Saudi Stock Exchange (Tadawul) on 26/01/1429H (corresponding to 04/02/2008).

The Company obtained the Saudi Central Bank’s permit No. TMN/15/20086, dated 14/06/1429 AH (corresponding to 18/06/2008) to engage in insurance and reinsurance business in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations. The license to practice the business was renewed for a period of three years starting on 11/06/1441H and ending on 10/06/1444H. the Saudi Central Bank’s approval was obtained to amend the business at The Company’s request so that it is limited to the practice of insurance business, according to letter No. 351000076885 dated 14/06/1435H corresponding to 14/04/2014. The Company's objectives are to engage in cooperative insurance and related activities in Saudi Arabia. Its main business includes all categories of general insurance, medical insurance, protection, and savings.

In accordance with Article 3 of the Company’s articles of association, which states that The Company’s purpose is: *“to practice cooperative insurance business and everything related to such business, such as reinsurance, powers of attorney, representation, correspondence, or mediation. The Company may carry out all the work necessary to achieve its purposes, whether in the field of insurance or investing its funds. The Company may own and move fixed and cash funds, sell, exchange, or rent them directly there through, or through companies that it establishes or buys, or in partnership with other parties. The Company carries out its activities in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations and the bylaws and rules in force in Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.”*

Summary of insurance products:

- | | | | |
|------------------------------|------------------------------------|----------------------|-------------------------|
| • Motor Insurance | • Medical Insurance | • Property Insurance | • Engineering Insurance |
| • General Accident Insurance | • Protection And Savings Insurance | • Marine Insurance | • Other Insurance |

Company Branches:

The Company operates through the head office and its licensed branches, which are spread in different regions of Saudi Arabia and are as follows:

Head Office	Riyadh - Al Wurud District - King Abdulaziz Road, Bin Tami Center. Tel: 011-2153360 Fax: 011-2153197 PO Box 286555 Riyadh 11323 Website: www.aicc.com.sa
a) Central Region	Riyadh City Branch - King Abdulaziz Road, Bin Tami Center.
b) Western Region	1) Jeddah: Tahlia Street, Al Salam Building. 2) Makkah Al-Mukarramah: Al-Rusaifa, Ring Road III, Al Salwa Tower, next to Civil Defense.
c) Southern Region	Khamis Mushait - King Fahd Road, Al Tasheel Building
d) Eastern Region	Khobar: - Custodian of the Two Holy Mosques Road - Prince Hammoud Street - Diwan Al-Jazirah Building

The Company also has several points of sale (POSs) spread throughout Saudi Arabia

2) Significant Developments and Decisions in 2021:

The financial year 2021 was the twelfth anniversary of the Company's operations. Below you will find the most significant decisions, major developments and actions taken during the financial year 2021:

Developments of increasing The Company's capital from SAR 265Mn to SAR 530Mn:

On 16/04/1440 AH corresponding to 24/04/2019, The Company announced that it had received the Saudi Central Bank letter No. 89/30238 on 18-08-1440 H corresponding to 23-04-2019, which included no objection to increase The Company's capital by an amount of SAR 265Mn by the way of offering rights issue shares so that The Company's capital after the increase becomes SAR 530Mn, provided that The Company fulfills all the requirements of other official authorities.

On 11/03/1442H (corresponding to 28/10/2020), Alinma Investment Company was appointed as a financial advisor to manage the underwriting of rights issue.

On 13/09/1442H (corresponding to 25/04/2021) the capital increase approval request file was submitted to the Capital Market Authority, and after obtaining the Capital Market Authority's approval, the Extraordinary General Assembly Meeting (Extraordinary General Assembly meeting) was held on 04/04/1443H (corresponding to 09/11/2021), which ended in disapproval of the Board of Directors' recommendation to increase the capital.

A request was submitted to the Saudi Central Bank to extend the approval previously granted to the Company to complete the capital increase process, and the Company obtained the Saudi Central Bank's approval to extend the approval previously granted for a period of six months ending on 09/07/2022.

On 04/07/1443H (corresponding to 06/02/2022), the Company submitted a capital increase approval request file to the Capital Market Authority.

Annual renewal of the Company's qualification with the Council of Health Insurance:

On 17/09/1442H (corresponding to 29/04/2021), The Company received a notice to renew its qualification with the Council of Health Insurance for a one-year period, starting on 08 May 2021 and ending on 08 May 2022.

Ordinary General Assembly Meeting (Ordinary General Assembly meeting):

The first Ordinary General Assembly meeting was held on 21/10/1442 corresponding to 02/06/2021 through modern technology means. The results were as follows:

1. Approval of the Company's auditors' report for the financial year ending on 31/12/2020.
2. Approval of the financial statements for the financial year ending on 31/12/2020.
3. Approval of the Board of Directors annual report for the financial year ending on 31/12/2020.

4. Agreeing to absolve the Board members from liability for their performance during the financial year ending on 31/12/2020.
5. Approval of the appointment of the Company's auditors from among the candidates from the Audit Committee to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the financial year 2021 and the first quarter of the financial year 2022, and to determine their fees. They are: - Ibrahim Ahmed AlBassam & Partner CPAs and Consultants (AlBassam & Partner), AlAzem, AlSudairy, AlShaikh & Partners CPAs and Auditors.
6. Approval of the business and contracts that will be concluded between the Company and Arab Supply & Trading Company (ASTRA), in which the Board member, Mr. Ghassan Akeel, has an indirect interest, and they are multiple insurance policies according to the Company's approved documents without any preferential benefits, given that the value of transactions in 2020 was SAR 177,247.
7. Approval of the business and contracts that will be concluded between the Company and Abdel Hadi Abdullah Al Qahtani & Sons Co, in which the Board member, Mr. Abdulaziz bin Abdulhadi Al Qahtani, has an indirect interest, which are multiple insurance policies according to the Company's approved documents without any preferential benefits, given that the value of transactions in 2020 was SAR 5,352,897.
8. Approval of the business and contracts that will be concluded between the Company and the Board member, Mr. Abdulaziz bin Abdulhadi Al Qahtani, in which he has a direct interest, which are insurance policies according to the Company's approved documents without any preferential benefits, given that the value of transactions in 2020 was SAR 183,477.
9. Approval of the business and contracts that will be carried out between the Company and the Board member, Mr. Abdulaziz bin Saleh Al Omair, in which he has a direct interest, which are insurance policies according to the Company's approved documents without any preferential benefits, given that the value of transactions in 2020 was SAR 584,758.
10. Approval of the business and contracts that will be concluded between the Company and the Board member Dr. Abdulrahman bin Muhammad Al Angari, in which he has a direct interest, which are insurance policies according to the Company's approved documents without any preferential benefits, given that the value of transactions in 2020 was SAR 33,951.
11. Approval of the disbursement of an amount of SAR 900,000 as a remuneration to the Board members for the financial year ending on 31/12/2020.
12. Approval of the disbursement of an amount of SAR 900,000 as a remuneration to the Board members for the financial year ending on 31/12/2019.
13. Approval of authorizing the Board of Directors with the authority of the Ordinary General Assembly meeting, with the authorization contained in Clause (1) of Article 71 of the Companies Law, for a one-year period from the Ordinary General Assembly meeting's approval date or until the end of the delegated Board of Directors session, whichever is earlier, in accordance with the conditions set forth in the regulatory controls and

procedures issued by the Capital Market Authority in implementation of the Companies Law for Listed Joint Stock Companies.

The Company assigning by Aljomaih Group to provide comprehensive insurance services for motor and general insurance

On 28/02/2021, Aljomaih Group assigned AICC to provide comprehensive insurance services for motors and general insurance for a period of one Gregorian year, starting from 01/03/2021.

Staff development and training:

During 2021, The Company's management provided specialized training courses for its Saudi employees in several fields and in various jobs and positions.

Reinsurance agreements

During 2021, The Company renewed and signed reinsurance agreements with leading international and local reinsurance companies with an international rating ranging between A+ and A.

Insurance brokerage agreements

During 2021, The Company signed agreements with insurance brokerage companies approved by the Saudi Central Bank, and The Company is working through several electronic platforms belonging to brokerage companies to market and sell the motor insurance product.

Approval of the Company's strategy:

The Board of Directors has reviewed The Company's action plan and strategy and has updated the same in line with the developments in the insurance sector to be implemented from 2022 until 2024

Obtaining the Saudi Central Bank's no objection for a number of products submitted to groups category:

During 2021, The Company worked on launching two new products, which are as follows:

1. Company directors and executive officers' liability insurance and Company compensation insurance
2. Insurance against political violence

Launching electronic services on The Company's website:

During 2021, The Company launched its electronic services through The Company's website, to provide the sales process for the motor insurance product for individuals and medical insurance for small groups, as well as to provide after-sales services electronically.

3) Future plans and expectations:

2021 was a challenging year for the insurance sector in Saudi Arabia in general. The sector experienced lower loss rates due to Covid-19 pandemic restrictions in 2020.

The increase in claims in key insurance areas, particularly health and motor insurance producers, eroded profit margins and led to an overall decline of 49% in insurance segment profitability in the third quarter (nine-month period).

The Company, similar to insurance companies operating in Saudi Arabia, faced a significant increase in loss ratios, in the motor insurance product for groups, as the loss ratio for motor increased from 56% in 2020 to 84% in 2021, primarily driven by the decline in product insurance results for groups, and the rise of claims in third-party accidents and coverage of financially leased motors.

As for medical insurance, the loss ratios slightly improved due to the performance of the visit insurance product, reaching 80% in 2021 compared to 82% in 2020.

Gross written premiums increased by 22% to SAR 422Mn in 2021, driven by 10% growth in motor insurance, 28% in medical insurance and 29% in general insurance.

Based on the foregoing, during 2021, the Board of Directors reviewed The Company's strategy applied, and the Board of Directors updated it to be implemented from 2022 until 2024, through:

- 1- Working on improving technical performance.
- 2- Strengthening the sales strategy, and attracting customers with low loss ratios.
- 3- Enhancing the collection and refunds process.
- 4- Enhancing investment returns.
- 5- Focusing on the Saudi human resources in terms of training and development.

4) Risks that The Company may face and its assessment and addressing methods:

The Company adopts policies for managing, measuring and controlling risks that are subject to the implementing regulations of the Cooperative Insurance Companies Control Law and the Risk Management Regulation so that these policies are evaluated and updated periodically. Given the nature of the Company activity, it is exposed to regular risks. Internal Audit and Risk Management Departments review and evaluates all risks that arise from The Company's activities and business, examine the results of all evaluation processes with senior management, the audit committee, and the risk committee, and submit a report of the results in accordance with the regulatory standards and requirements in addition to the methods of addressing and recommending them to the Board of Directors. A summary of the risks to which The Company is exposed, include without limitation the following:

(a) Insurance risk

It represents the risks related to the excess of the actual claims payable to the contracting parties in respect of the insured events over the book value of the insurance liabilities. This could take place because of recurring claims, or if the claims amounts and actual benefits paid, or subsequent developments in long-term claims differ from expectations. The Company's objectives are to ensure that sufficient resources are available to cover these liabilities. The risks arising from insurance contracts are mainly concentrated in Saudi Arabia.

Frequency and amounts of claims

The frequency and amounts of claims may be affected by many factors. The Company mainly covers underwriting Motor and medical insurance contracts. These operations are considered short-term insurance contracts because, in general, claims are reported and paid within one year of the occurrence of the insured accident. In turn, this would reduce insurance risk.

Motor Insurance

For Motor insurance, the main risks are the claims for death and body injury and the replacement or repair of motors. The Company issues comprehensive insurance policies only to the owner/ driver who is over 18 years old. Mainly, most motor contracts relate to individuals. The Company also adopts risk management procedures for monitoring the cost of claims. The Company has reinsurance coverage to limit losses related to any individual claim, exceeding SAR 1,000,000.

Medical Insurance

The Company's medical insurance strategy is designed to ensure that risks are well diversified in terms of type of risk and level of benefits insured. This can be achieved through a variety of sectors and geographical regions, to ensure that prices take into consideration the current health conditions, regular review of actual claims, product price, and detailed procedures for follow-up of claims. The Company also follows a policy based on serious and active follow-up of claims to cover unexpected future risks that may negatively affect the Company.

(b) Reinsurance risk

Similar to other insurance companies, the Company, in the course of its normal business cycle, reinsures with third parties to reduce the potential financial losses that may arise from large insurance claims. These arrangements ensure greater diversification in business, allow the management to monitor potential losses that may arise from large risks, and provide additional growth capabilities. A significant portion of reinsurance takes place under reinsurance treaties, facultative reinsurance contracts, and excess of loss reinsurance.

To reduce its exposure to the risks of large losses arising from the bankruptcy of reinsurance companies, The Company assesses the financial position of reinsurance companies, and monitors the concentration of credit risk resulting in geographical areas and activities and economic characteristics similar to reinsurance companies.

The assigned reinsurance agreements do not relieve The Company of its obligations towards policyholders. Accordingly, The Company remains liable towards policyholders for its share of the reinsured under settlement claims to the extent that the reinsurer has not fulfilled its obligations under the reinsurance agreements.

(c) Risks related to regulatory requirements

The Company's operations are subject to the requirements of local regulations in Saudi Arabia. These regulations not only require obtaining approvals and monitor activities, but also impose some restrictions such as capital adequacy to reduce the risks of deficit and bankruptcy by insurance companies and to enable them to pay their unforeseen liabilities when they arise.

(d) Credit risk

Credit risk is the inability of one party to meet its obligations with respect to a financial instrument, which results in the other party incurring a financial loss. For all classes of financial assets acquired by The Company, The Company's maximum credit risk represents the carrying value disclosed in the statement of financial position.

Below is a statement of the policies and procedures established to reduce the credit risk to which The Company is exposed:

- The Company enters into insurance and reinsurance contracts only with recognized and reputable parties. The Company's policy is that all customers it wishes to deal with are subject to credit verification and examination. In addition, receivable amounts under insurance and reinsurance contracts are monitored on an ongoing basis to reduce the Company's exposure to bad debts.
- The Company limits the risks related to agents and brokers by setting credit limits for each agent and broker, and monitoring the outstanding receivables.
- Cash, cash equivalents, time deposits and statutory deposits are deposited with local banks approved by the Management. Accordingly, as a precondition, the banks with which they deposit cash, cash equivalents, time deposits and statutory deposits must be rated as having an acceptable level, in terms of security, that confirms soundness of their financial position.
- The Company's investments in funds and investment portfolios are managed by the manager responsible for the investment in accordance with the investment policy approved by the Investment Committee.
- With regard to the credit risk arising from other financial assets, The Company deals only with commercial banks with strong financial position and good credit reputation.
- There are no significant concentrations of credit risk within the Company.

(e) Commission rate risk

Commission rate risk arises from the fluctuation in the value or future cash flows of a financial instrument as a result of changes in commission rates prevailing in the market. Float commission financial instruments expose The Company to commission rate risk arising from cash flows, while fixed commission financial instruments expose The Company to commission risk arising from fair value.

The Company is exposed to commission rate risk on some of its investments. The Company limits commission rate risk by monitoring changes in commission rates in the currencies in which the investments are denominated.

(f) Operational risk

Operational risk is the direct or indirect loss risk resulting from a wide range of causes associated with the processes, technology and infrastructure that support The Company's operations, whether internally within the Company or externally to the Company's service providers and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and the generally accepted standards of investment management behavior. Operational risk arises from all activities of the Company.

The Company's objective is to manage operational risk to achieve a balance between reducing financial losses and damage to its reputation in achieving its investment objective of generating returns for investors. The primary responsibility for developing and implementing controls over operational risk rests with the Board of Directors. This responsibility includes the elements of control in below areas:

- requirements for appropriate separation of duties between different jobs, roles and responsibilities;
- requirements for settlement and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of the operational risks taking place,
- adequacy of controls and procedures to address the identified risks;
- ethical and business standards and
- risk mitigation policies and procedures.

(g) Risks related to the Cooperative Insurance Companies Control Law and its Implementing Regulations

Insurance companies conduct their business in accordance with the Cooperative Insurance Companies Control Law and its implementing regulations in force in Saudi Arabia. The law defines the insurance companies' framework with regard to business lines, capital and surplus requirements, the volume of insurance claims, the scale and types of investments, technical standards, settlement arrangements, adequacy of reserves, and others. Accordingly, any changes, amendments or new policies in the insurance laws could adversely affect The Company's business, financial position and operational results.

The business of insurance companies is regulated and monitored through the Saudi Central Bank, which has full authority to take the necessary measures to regulate the sector, including issuing or amending business permits approvals, approving the offering of insurance products and their types, imposing fines, penalties and others. In the event that The Company fails to comply with the Cooperative Insurance Companies Control Law and its implementing regulations, it will be subject to fines or penalties, which will negatively and materially affect its business results, financial performance or sustainability.

5) Evaluation of Company Strategy and its Financial Position

The Company seeks to implement its strategy to be in line primarily with the economic transformation plan and the Kingdom's vision 2030. The strategy is to strive for qualitative growth to achieve returns for shareholders through:

- Providing insurance services at reasonable prices and following the recommendations of the actuary in pricing in line with the requirements of the Cooperative Insurance Companies Control Law.
- Obtaining the best technologies for business, applying and developing the same continuously.
- Investing in highly experienced human resources and developing their performance.
- Developing the volume of business with agents and brokers inside Saudi Arabia.
- Continuing to enhance electronic services to provide services quickly to the Company's customers.
- Focusing on all customers, especially individuals and companies of small and medium size.

The authorized, issued and fully paid up capital is SAR 265Mn and consists of 26.5Mn shares with a nominal value of SAR 10 per share.

On 20 December 2018, the Board of Directors' decision issued its decision recommending an increase in the Company's capital by an amount of SAR 265Mn by through offering rights issue shares. This decision will follow all the provisions stipulated in the relevant laws and regulations. On Sunday, 05/07/1443 AH corresponding to 06/02/2022, The Company submitted a request file for approval of capital increase to the Capital Market Authority, given that it had received on 09/01/2022 the Saudi Central Bank letter containing the Saudi Central Bank's approval to extend the approval previously granted to the Company for a period of six months from the date of the said letter.

The Company's accumulated losses as of 31/12/2021 amounted to 18.7% of the capital, given that The Company maintains a solvency margin higher than the minimum regulatory requirements.

6) Table indicating Company's assets and liabilities, and its business results for last five years 2017-2021

Statement of financial position	2017	2018	2019	2020	2021
Assets of Insurance operations	Thousand Saudi riyals				
Cash and cash equivalents	45,370	55,465	24,006	33,351	26,224
Time deposits	20,000	10,000	10,000	20,350	20,400
Investments	26,105	26,105	29,855	32,653	31,903
Premiums and reinsurance balances receivable, net	108,003	113,178	110,463	141,114	150,977
Reinsurers' share of unearned premiums	50,612	51,490	55,863	42,905	47,877
Reinsurers' share of outstanding claims	41,355	41,491	37,152	33,978	70,587
Reinsurers' share of claims incurred but not reported	5,275	8,160	14,504	9,379	8,346
Deferred policy acquisition costs	10,044	8,391	7,236	11,018	11,122
Prepaid expenses and other assets	11,418	12,297	15,791	17,591	21,806
Due from related parties	64	83	83	93	83
Property and equipment, net	5,003	6,547	6,713	6,599	7,418
Right-of-use assets			6,734	5,372	3,215
Due from shareholders' operations	74,636	75,413	101,987	41,910	23,213
Total assets of insurance operations	397,884	408,620	420,387	396,311	423,171

Assets of shareholders' operations					
Cash and cash equivalents	104,625	35,255	42,587	115,976	59,119
Time deposits	50,000	156,576	119,158	43,414	37,061
Prepaid expenses and other assets	619	1,479	1,187	723	2,397
Return on investment of statutory deposit	1,992	2,790	3,859	4,290	4,494
Investments	139,871	99,109	120,143	71,500	109,129
Statutory deposit	40,000	40,000	40,000	40,000	40,000
Total assets of shareholders' operations	337,107	335,209	326,934	275,904	252,200
Total assets	734,990	743,830	747,320	672,215	675,371

	2017	2018	2019	2020	2021
Liabilities of Insurance operations					
Accounts payable	42,281	49,149	22,230	23,684	17,106
Reinsurance balances payable	29,655	21,464	36,390	29,424	31,008
Accrued expenses, and other liabilities	19,395	22,175	28,147	26,555	22,759
Unearned reinsurance commission	4,919	4,637	3,623	3,278	3,461
Gross unearned premiums	141,778	149,402	148,602	140,803	168,094
Outstanding claims	81,797	82,739	83,704	80,887	104,492
Claims incurred but not reported	61,558	55,826	64,488	59,982	52,970
Employees' end of service benefits	9,935	10,616	10,845	10,428	10,479
Due to related parties		313	41	0	199
Lease liability			6,253	4,911	2,742
Premium deficiency reserve and other reserves	3,756	10,799	15,159	15,630	8,965
Total liabilities of insurance operations	395,073	407,119	419,480	395,581	422,276
Accumulated surplus					
Accumulated surplus payable	3,255	1,939	1,939	2,253	1,439
Actuarial loss on defined benefit plan	-444	-438	-1,033	-1,523	-544
Total liabilities and surplus of insurance operations	397,884	408,620	420,387	396,311	423,171
Shareholders' Equity and Liabilities					
Shareholders' liabilities					
Accrued expenses and other liabilities	451	538	544	1,656	1,201
Return on investment of statutory deposits	1,992	2,790	3,859	4,290	4,494
Zakat and income tax payable	4,979	5,714	4,636	6,282	7,653
Due to insurance operations	74,636	75,413	101,987	41,910	23,213
Total liabilities of shareholders' operations	82,057	84,455	111,026	54,138	36,561
Shareholders' equity					
Share capital	265,000	265,000	265,000	265,000	265,000
Accumulated loss	-5,303	-7,922	-50,236	-43,979	-49,496
Investment revaluation reserve	-4,648	-6,324	1,143	745	136
Total shareholders' equity	255,049	250,754	215,907	221,766	215,639
Total liabilities and shareholders' equity	337,107	335,209	326,934	275,904	252,200
Total liabilities and accumulated surplus of insurance operations and liabilities and shareholders' equity	734,990	743,830	747,320	672,215	675,371

Statement Of Income - Insurance operations	2017	2018	2019	2020	2021
	Thousand Saudi riyals				
Gross premiums written	314,391	350,787	332,418	346,432	422,323
Less: Reinsurance premiums ceded	-101,026	-102,895	-110,234	-96,309	-126,344
Excess of loss premiums	-6,602	-9,063	-4,803	-4,320	-4,901
NET PREMIUMS WRITTEN	206,763	238,830	217,381	245,802	291,077
Change in unearned premiums, net	43,772	-6,745	5,173	-5,159	-22,319
NET PREMIUMS EARNED	250,535	232,085	222,554	240,643	268,758
Gross claims paid	-231,861	-217,984	-248,706	-228,106	-278,099
Reinsurers share of claims paid	87,965	69,249	84,835	70,620	42,255
Changes in outstanding claims, net	10,378	7,811	-7,622	-977	18,982
Net claims incurred	-133,518	-140,924	-171,493	-158,463	-216,862
Changes in premium deficiency reserve and other technical reserves	-3,756	-7,043	-4,360	-471	6,665
Policy acquisition costs	-27,188	-24,568	-17,622	-20,813	-32,841
Reinsurance commission earned	12,917	25,123	16,370	11,433	27,818
Other underwriting income	0	0	0	0	3,607
Other underwriting expenses				-6,672	0
NET UNDERWRITING INCOME	98,989	84,672	45,450	65,658	57,145
General and administrative expenses	-85,934	-84,571	-88,639	-58,711	-62,185
Net Profit (Loss) of Investments	1,876	1,671	1,446	1,197	1,311
Total surplus / (deficit) for the year	14,931	1,773	-41,742	8,144	-3,729
Loss (Profit) for the year attributed to the shareholders	-13,438	-1,595	41,742	-7,329	3,729

Statement Of Income - Shareholders' operations	2017	2018	2019	2020	2021
	Thousand Saudi riyals				
Income (Loss) for the year attributed to the shareholders	13,438	1,595	-41,742	7,329	-3,729
Gain (Loss) on sale of available for sale investments	651	-1,251	1,249	2,016	2,675
Commission income and Dividend income	4,315	6,641	7,513	4,820	3,207
Impairment loss on available for sale investment	0	-2,000	-2,898	0	0
General and administrative expenses	-2,581	-1,567	-1,883	-1,908	-1,622
Net income / (loss) for the year (before zakat and income tax)	15,822	3,419	-37,762	12,257	530

(6-a) Below are the results of the operating sectors for the financial year ending on 31/12/2021:

For the year ended on 31 December 2021	In thousands of Saudi riyals for the fiscal year ended on 31 December 2021			
Insurance results	Medical	Motor	other	Total
Gross premiums written	166,079	145,226	111,018	422,323
Less: Reinsurance premiums ceded	-25,960	0	-100,384	-126,344
Excess of loss premiums	0	-2,252	-2,650	-4,901
NET PREMIUMS WRITTEN	140,118	142,974	7,985	291,077
Change in unearned premiums, net	-18,141	-6,786	2,608	-22,319
NET PREMIUMS EARNED	121,978	136,188	10,593	268,758
Gross claims paid	-133,047	-138,094	-6,958	-278,099
Reinsurers share of claims paid	36,266	902	5,088	42,255
Changes in outstanding claims, net	-988	22,312	-2,341	18,982
Net claims incurred	-97,769	-114,881	-4,212	-216,862
Changes in premium deficiency reserve and other technical reserves	12,304	-4,130	-1,509	6,665
Policy acquisition costs	-6,873	-15,311	-10,657	-32,841
Reinsurance commission earned	0	0	27,818	27,818
Other underwriting income	51	424	3,132	3,607
NET UNDERWRITING INCOME	29,690	2,290	25,165	57,145
General and administrative expenses				-62,185
Net Profit (Loss) of Investments				1,311
Total surplus / (deficit) for the year				-3,729

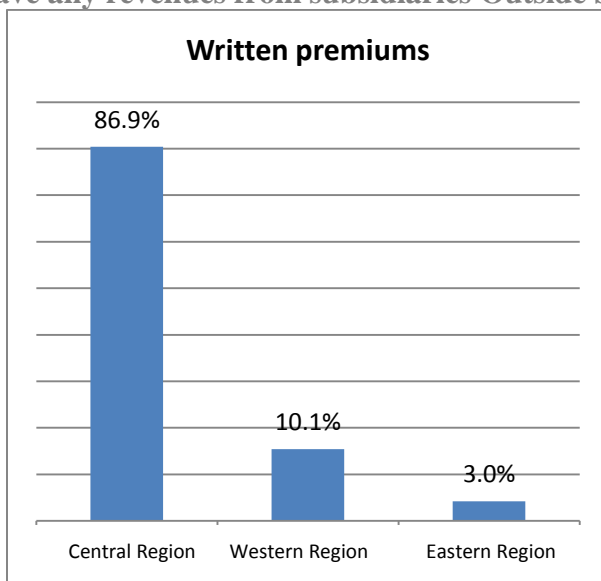
(6-b) Financial Indicators

Below is an analytical review of the results for 2021:

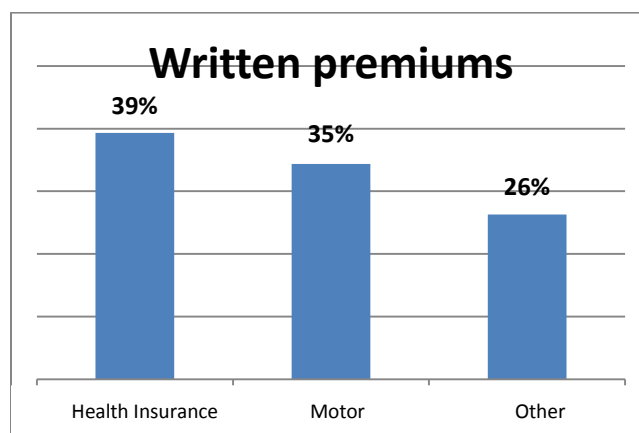
1. Net profit before Zakat and Income Tax for 2021 is SAR 530 thousand compared to net profit before Zakat and Income Tax of SAR 12,257 thousand for 2020. The reason behind the decrease in net profit during the current year compared to the previous year is due to the increase in net claims incurred and general and administrative expenses.
2. Net loss after Zakat and Income Tax for 2021 is SAR 5,517 thousand compared to net profit after Zakat and Income Tax of SAR 6,257 thousand for 2020.
3. Loss per Share for 2021 is SAR 0.21 compared to Profit per Share SAR 0.24 for 2020 noting that Earning/loss per share calculated after Zakat and Income Tax.

4. Insurance operations deficit minus Policy Holders Investments Revenues (Operations Results) for the year 2021 is SAR 5,039 thousand compared to surplus of SAR 6,947 for 2020.
5. Gross Written Premiums for 2021 has reached SAR 422,323 thousand compared to SAR 346,432 thousand for 2020. Representing an increase of 22%. Net Written Premiums for 2020 has reached SAR 291,077 thousand compared to SAR 245,802 thousand for 2020. Representing an increase of by 18.4%
6. Net Earned Premiums for 2021 has reached SAR 268,758 thousand compared to SAR 240,643 thousand for 2020, an increase of 11.7%.
7. Net Incurred Claims reached for 2021 is SAR 216,862 thousand compared to SAR 158,463 thousand for 2020. Representing an increase of 36.8%.
8. Net Profit of Policy Holders Investment for 2021 is SAR 1,311 thousand compared to 1,197 thousand for 2020 representing an increase by 9.5%. Net Profit of Shareholders Capital Investment is SAR 5,882 thousand compared to 6,836 thousand for 2020 representing a decrease of 14%.
9. Shareholders equity (no minority interest) stands at SR 215.6 million compared to SR 221.8 million for 2020 representing a decrease of 2.8%.
10. Accumulated losses as of the end of the year stand at SR 49.5 million representing 18.7% from the capital.

(6-c) Below is the geographical analysis of the total written premiums as per the Kingdom regions, given that The Company does not have any revenues from subsidiaries Outside Saudi Arabia:



(6-d) Below is the total distribution of written premiums as per lines of business:



(6-e) Accounting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards approved in Saudi Arabia, and other standards and publications approved by SOCPA, the Companies Law and The Company's articles of association.

On 23 July 2019, the Saudi Central Bank instructed insurance companies in Saudi Arabia to calculate zakat and income taxes in the income statement, in line with IFRS and their interpretations issued by IASB.

In accordance with the requirements of insurance regulations in Saudi Arabia, The Company must maintain separate accounts for each of the insurance operations and shareholders' operations and the financial statements are presented accordingly. Assets, liabilities, as well as income and expenses for each activity are recorded in the accounts for that activity. The basis for allocating expenses related to joint operations is determined and approved by The Company's management and the Board of Directors.

The financial statements are prepared on a going concern basis and on the historical cost basis, except for available-for-sale investments, which are measured at fair value and end of service benefits are measured at current value. The statement of financial position is not displayed using the current/non-current classification. However, the following balances are generally classified in current: cash and cash equivalents, insurance premiums receivable, reinsurance receivables, investments, deferred underwriting costs, prepaid expenses and other assets, accounts payable, reinsurance balances receivables, outstanding claims, accrued expenses and other liabilities, provision for zakat, taxes, distribution of the surplus due and unearned insurance premiums, reimbursed share of unearned premiums, and deferred underwriting costs, unearned commission income. On the other hand, the following balances are generally classified as non-current: end of service indemnities, statutory deposit, returns on statutory deposit, commission income payable to the Saudi Central Bank, claims incurred but not reported, the net property and equipment.

7) Subsidiaries:

There are no subsidiaries for AICC, and therefore no details of the shares and debt instruments issued for each subsidiary.

8) Investments or reserves established for the benefit of the Company's employees:

There are no investments or reserves established for the benefit of the Company's employees, except for the end of service benefits (EOSB).

9) Contracts and transactions with related parties in 2021

The Company confirms that there are no commercial contracts for Board members or companies in which they have a direct or indirect interest, with the exception of the following insurance policies, and that these policies were priced on purely commercial bases and without preferential prices, conditions or services than the rest of the Company's customers and according to the usual procedures, and there are no cases of potential conflict of interest, as follows:

Description of related parties for 2021			
Company/Party	Nature of contract	Term of the contract	Amount in SAR
Arabian Catering & Trading Co. – ASTRA Group	Insurance policies	One year	87,656
Abdel Hadi Abdullah Al Qahtani & Sons Co	Insurance policies	One year	5,179,901
Qahtani Abdulaziz bin Abdulhadi Al .Mr	Insurance policies	One year	237,062
Mr. Abdulazizbin Saleh Al Omair	Insurance policies	One year	167,930
Wasl Investment Company	Insurance policies	One year	373,324
Dr. Abdulrahman Al Angari	Insurance policies	One year	19,000
Mr. Ghassan Ibrahim Akeel	Insurance policies	One year	4,897
Total	6,069,771		

The following balances arose from transactions with related parties as on 31 December 2021

Company/Party	Amount in SAR	Nbalance ature
Board members and the companies they represent	1,959,091	Debit
Arabia Insurance Company (AIC) - Shareholder	198,882	Credit
Jordan Insurance Company (JIC) - Shareholder	83,346	Debit
Reinsurance liability payable by Jordan Insurance Company (JIC) - Shareholder	546,767	Debit

Transactions with related parties resulted insurance claims amounting to SAR 1,155,436 for the members of the board of directors and the companies they represent, and expenses paid by Arabia Insurance Company - Lebanon (shareholder) on behalf of the Company amounting of SAR 299,670, and expenses paid by the Company on behalf of Arabia Insurance Company - Lebanon (shareholder) amounting of SAR 91,076.

10) Existence of businesses or contracts in which The Company is a party and in which the CEO or the CFO or any person related to any thereof has an interest:

The Company acknowledges that there are no businesses or contracts in which The Company is a party and in which the CEO or the CFO or any person related to any thereof has an interest, with the exception of individual insurance policies, with a one-year period, for the general manager, Ziyad Al Rubaish, and the CFO, Hussain Al Rashed, given that these documents were issued within the Company's usual business.

11) The Board of Directors and its Committees:

First: The Board of Directors:

The Company's Board of Directors consists of seven members, including the Chairman. The Board members were appointed by the Ordinary General Assembly meeting held on 03/07/1441 AH, corresponding to 27/02/2020, for a period of three Gregorian years starting from 27/02/2020 until 26/02/2023, and The Company followed the cumulative voting method in electing members.

Having obtained the Saudi Central Bank's approval, the Board decided on Thursday 25/11/1441 AH corresponding to 16/07/2020 to appoint Mr. Abdulaziz bin Abdulhadi Al Jadhi Al-Qahtani (non-executive) as Chairman of the Board, and to appoint Dr. Abdulrahman bin Muhammad Al Angari (independent) as Vice Chairman of the Board. On Thursday, 25/11/1441 AH corresponding to 16/07/2020, the Board decided to form the sub-committees, which are as follows: The Executive Committee, the Nominations and Remunerations Committee, the Investment Committee & the Risk Management Committee.

The Board of Directors exercises its duties and responsibilities in accordance with The Company's articles of association and the rules and regulations issued by all the supervisory authorities in the Kingdom, including the Companies Law, the Cooperative Insurance Companies Control Law and its implementing Regulations, the Corporate Governance Regulations issued by the Capital Market Authority, the Insurance Companies Governance Regulations and The Company's internal regulations. The Board of Directors prepares and reviews the policies and procedures manuals that will ensure The Company's compliance with the laws and regulations issued by all the supervisory authorities regulating The Company's business, and The Company is working on training employees to apply these guides.

(a) Names of the Board members, their current and previous positions, qualifications and experience:

SN	Name	Membership in committees	Current Positions	Previous Positions	Qualifications	Experiences
1	Abdulaziz Abdulhadi Al Jadhi Al Qahtani	Nominations and Remunerations Committee & Investment Committee	<p>AICC Chairman and member of the Nomination and Remuneration Committee.</p> <p>Chairman and Board member of the following companies:</p> <p>Abdul Hadi Abdullah Al Qahtani & Sons Holding Company</p> <p>Abdul Hadi Al Qahtani & Partners Maritime And Oil Field Services Co.</p> <p>and Abdul Hadi Abdullah Al Qahtani & Sons for Beverage Industry Co.</p> <p>Al Maha Trading & Contracting Co.</p> <p>Gulf Salt Industry Company Ltd</p> <p>Al Qahtani Fisk Company.</p> <p>Gulf Business Network Group (GBN).</p>	Board member of Arbah Capital Co.	Bachelor's degree in Business Administration from University of Portland, Oregon, USA	Experience in the fields of marine and petroleum services, electrical and communications works, food industries, ,contracting environmental services, mining and financial services
2	Muhammad bin Ibrahim Al Mangour	Risk Management Committee & Investment Committee	<ul style="list-style-type: none"> - AICC Board member. - Member of AICC Risk Management Committee & Investment Committee - 	<ul style="list-style-type: none"> - Commercial Director at Saudi Arabian Parsons Limited (SAPL) - Investment Manager at MalazCapital Co. - Senior Manager at Saudi HollandiCapital Co. - Assistant Director at Saudi Hollandi Bank, - Investment Manager at National Housing Company (NHC). 	<ul style="list-style-type: none"> - Bachelor 's degree in Financial Management romf Prince Sultan University (PSU). - Chartered Financial Analyst (CFA) 	Experience in banking, investment, financial sector and financial markets.
3	Abdulaziz bin SalehAl Omair	Executive Committee & Nomination and	<ul style="list-style-type: none"> - AICC Board member, Chairman of the Nomination and 	- Regional Head of Central and Eastern Marketing - Region for Institutions and	Bachelor's degree in Business Administration from Webster University,	Experience in banking and financial services.

		Remuneration Committee.	<p>Remuneration Committee, and Member of the Executive Committee.</p> <ul style="list-style-type: none"> - CEO, Wasl Commercial Investment Co. - Board member of McCain Capital. - Board member, Member of the Executive Committee & the Risk Committee of Bidaya Home Finance (BHF). - Board member of the Creative Box Co. - Board member of Food Concepts Company. 	<p>Major Clients at Al Rajhi Capital.</p> <ul style="list-style-type: none"> - Vice Chairman - Private Equity Funds at Al Rajhi Capital. - Investor Relations Officer at Arcapita Bank, Bahrain 	Geneva, Switzerland	
4	Abdulrahman bin Muhammad Al Angari	Audit Committee & Nomination and Remuneration Committee	<ul style="list-style-type: none"> - Vice Chairman, and Chairman of the Audit Committee <p>Executive Director Ounass Contracting and Technical Consultations</p>	<ul style="list-style-type: none"> - Chairman of the Public Transport Development Committee in Makkah Region - Member of the Makkah Region Council, representing therep Ministry of Transport and Logistics Services (MOTLS) - Member of the Central Committee for Business Development, Ministry of Communications and Information Technology (MCIT). - Vice Chairman of the Highways Privatization Committee in the m in Kingdo cooperation with the World Bank. - Chairman of the 	<ul style="list-style-type: none"> - PhD in Urban Design and Urban Planning University of United Kingdom. - Master's in Urban University - Design of New South Wales Australia - Sydney -. - Bachelor of King - Architecture Saud University 	<p>rience in the Expe fields of engineering, planning and transportation.</p>

				<p>Railway Network Development Committee in the Kingdom in cooperation with the World Bank.</p> <ul style="list-style-type: none"> - Advisor to the Board of Directors of the Saudi Railways Organization (SRO) - Adviser to the Saudi Minister of Transport and Logistic Services. <ul style="list-style-type: none"> - CEO of Ounass 		
5	Ghassan Ibrahim Fares Akeel	Risk Management Committee & Investment Committee	<ul style="list-style-type: none"> - AICC Board member and Chairman the Risk Management Committee & the Investment Committee. - Board member of Banque du Amman Cairo Bank - CEO of Arab Supply & Trading Company (ASTRA). - Board member of Astra Industrial Group (AIG). - Board member of the National Aviation Ground Support Co Ltd (NAGS) 	<ul style="list-style-type: none"> - Director of Audit and Financial Consulting at Arthur Andersen & Co. - CFO of Arab Supply & Trading Company (ASTRA). - Executive Vice Chairman of Arab Supply & Trading Company (ASTRA). 	<ul style="list-style-type: none"> - Master's degree in Business Administration from Thunderbird University in Arizona, USA. - Bachelor's degree in Accounting from the University of in Amman, Jordan - Certified Public Accountant (CPA) Certificate in the USA 	Experience in the fields of financial services, banking, industry, trade and investment
6	Othman (Mohammed Ali) Othman Bdeir	Executive Committee & Risk Management Committee.	<ul style="list-style-type: none"> - AICC Board member and member of the Executive Committee & Risk Management Committee. - Chairman of the Board of Jordan Insurance 	<ul style="list-style-type: none"> - Board member of the National Oil & Electricity Production from Oil Shale Company PLC, Jordan 	<ul style="list-style-type: none"> - Bachelor's degree in Business Administration from University of Tennessee, USA. - Bachelor's degree in Civil Engineering from University of Tennessee, USA 	Experience in the fields of insurance, industry, mining, investment, electricity, brokerage and investment.

			<ul style="list-style-type: none"> - Company (JIC). Member of the Investments Committee in Jordan Insurance Company (JIC). - Board member of the AL-Motrabetah Investment Company (P.S.C) - Jordan. - Board member of Asia Insurance Company, Kurdistan, Iraq - Board member of Jordanian Electric Power Company limited (JEPCO). 			
7	Mounir tros Bou Muasher	Executive Committee & Nomination and Remuneration Committee.	<ul style="list-style-type: none"> - AICC Board member and Chairman of the Executive Committee & member of the Nominations and Remunerations Committee. - Senior Vice Chairman - Director of Insurance Business Department at Arab Bank PLC - Jordan. - Chairman of the Board and Chairman of the Audit Committee at Arabia Insurance Company (AIC) - Jordan. - Board member and Chairman of the Audit Committee of 	<ul style="list-style-type: none"> - Chairman of the Board of Al-Nisr Al-Arabi Insurance Company - Jordan. - Board member of Arabia Insurance Company (AIC), Lebanon. - CEO of Arabia Insurance Company (AIC), Lebanon. 	<ul style="list-style-type: none"> - Bachelor's degree in Accounting from Al-Ahliyya Amman University (AAU), Jordan - Diploma in insurance from the Chartered Insurance Institute (CII), London, UK. 	Experience in the fields of insurance and management.

			Arabia Falcon Insurance Company (AFIC) - Oman. - Board member and Chairman of the Audit Committee of the Jordan National Shipping Lines Co. Ltd. (JNSL) - Jordan.			
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(b) Formation of the Board of Directors and classification of its members during the fiscal financial year ending on 31 December 2021:

SN	Member Name	position	Membership	Representing:
1	Abdulaziz Abdulhadi Al Jadhi Al Qahtani	Chairman of the Board	Non-Executive	-
2	Abdulrahman bin Muhammad Al Angari	Vice Chairman	Independent	-
3	Abdulaziz bin Saleh Al Omair	Board member	Independent	-
4	Muhammad bin Ibrahim Al Mangour	Board member	Independent	-
5	Ghassan Ibrahim Akeel	Board member	Non-Executive	Arab Supply & Trading Company (ASTRA) - Saudi Arabia
6	Othman (Mohammed Ali) Othman Bdeir	Board member	Non-Executive	Jordan Insurance Company (JIC) (PLC (Jordan
7	Mounir Boutros Ibrahim Muasher	Board member	Non-Executive	Arabia Insurance Company (AIC) S.A.L (Holding Company) (Lebanon)

(c) Names of companies inside or outside Saudi Arabia in which a Company's Board member is a member of its current and previous Board of Directors or one of its directors:

SN	Member Name	Names of companies in which a Board member is a member of their <i>current</i> boards of directors or one of their directors	Inside Saudi Arabia/Outside Saudi Arabia	Legal entity (listed JSC/unlisted JSC/LLC ...)	Names of companies in which a Board member is a member of their <i>previous</i> boards of directors or one of their directors	Inside Saudi Arabia/Outside Saudi Arabia	Legal entity (listed JSC/unlisted JSC/LLC ...)
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1	Abdulaziz Abdulhadi Al Jadhi Al Qahtani	AICC. Abdul Hadi Abdullah Al Qahtani & Sons Holding Company Abdul Hadi Al Qahtani & Partners Maritime And Oil Field Services Co. Abdul Hadi Abdullah Al Qahtani & Sons for Beverage Industry Co Al Maha Trading & Contracting Co. Gulf Salt Industry Company Ltd. Al Qahtani Fisk Company. Gulf Business Network Group (GBN).	Inside Saudi Arabia	listed JSC unlisted JSC. LLC LLC LLC unlisted JSC LLC LLC	Arbah Capital Co.	Inside Saudi Arabia	unlisted JSC.
2	Mohammad Bin Ibrahim AlMangour	- Arabia Insurance Cooperative Company - SALIC - Minerva foods CO.	Inside Saudi Arabia	listed JSC	Commercial Director/Manager at Saudi Arabian Parsons Limited. - Investment Manager at Malaz Capital Company. - Senior Manager at Alawwal Invest Co. - Assistant Manager at AlAwwal Bank - Investment Manager at National Housing Company.	Inside Saudi Arabia	- LLC - Unlisted JSC - Unlisted JSC - Listed JSC - Unlisted JSC

3	Abdulaziz bin Saleh Al Omair.	AICC Wasl Commercial Investment Co. McCain Capital Corporation. Bidaya Home Finance (BHF). Food Concepts Company. Creative Box Co.	Inside Saudi Arabia	listed JSC LLC unlisted JSC unlisted JSC LLC LLC			
4	Abdulrahman bin Muhammad Al Angari	AICC Ounass Contracting and Technical Consultations Est	Inside Saudi Arabia	listed JSC LLC			
5	Ghassan Ibrahim Fares Akeel	Astra Industrial Group (AIG) VTEL Holdings Ltd. AICC National Aviation Ground Support Co Ltd (NAGS) Cairo Amman Bank (CAB) Al Tanmiya for Steel Industries Co. Odicia capital Astra Food	Inside Saudi Arabia Outside Saudi Arabia Inside Saudi Arabia Inside Saudi Arabia Outside Saudi Arabia Outside Saudi Arabia Outside Saudi Arabia Outside Saudi Arabia Inside Saudi Arabia	Listed JSC LLC listed JSC LLC listed JSC LLC closed JSC	Director of Audit and Financial Consulting at Arthur Andersen & Co. CFO of Arab Supply & Trading Company (ASTRA). Executive Vice Chairman of Arab Supply & Trading Company (ASTRA).	Outside Saudi Arabia Inside Saudi Arabia Inside Saudi Arabia	Partnership LLC LLC
6	Othman (Mohammed Ali) Othman Bdeir	AICC Jordan Insurance Company (JIC) Jordanian Electric Power Company limited (JEPCO) AL-Motrabetah Investment Company (P.S.C) Asia Insurance Company	Inside Saudi Arabia Outside Saudi Arabia. Outside Saudi Arabia Outside Saudi Arabia Outside Saudi Arabia Outside Saudi Arabia	listed JSC Public JSC Public JSC Private JSC JSC	The National Company for the Production of Oil and Electric Power from Oil Shale	Outside Saudi Arabia.	listed JSC
7	Mounir Boutros Muasher	AICC Arab Jordan Insurance Company (JIC)	Inside Saudi Arabia Outside Saudi Arabia	listed JSC Public JSC Public JSC Public JSC	I Nisr Al A Arabi Insurance -Company	Outside Saudi Arabia.	Public JSC

		Arabia Falcon Insurance Company (AFIC) - Oman Jordan National Shipping Lines Co. Ltd. (JNSL) Jordan Group for Shipping Agencies (JGSA)	Outside Saudi Arabia Outside Saudi Arabia Outside Saudi Arabia	LLC	Jordan. Arabia Insurance Company (AIC) - Lebanon		
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(d) Number and record of attendance at Board of Directors meetings for the financial year ending on 31/12/2021:

SN	Member Name	First meeting 16/03/2021	Second meeting 02/06/2021	Third meeting 01/09/2021	Fourth meeting 17/11/2021
1	Abdulaziz Abdulhadi Al Jadhi Al Qahtani	Attended	Attended	Attended	Attended
2	Abdulrahman bin Muhammad Al Angari	Attended	Attended	Attended	Attended
3	Abdulaziz bin Saleh Al Omair	Attended	Attended	Attended	Attended
4	Muhammad bin Ibrahim Al Mangour	Attended	Attended	Attended	Attended
5	Ghassan Ibrahim Akeel	Attended	Attended	Attended	Attended
6	Othman(Mohammed Ali) Othman Bdeir	Attended	Attended	Attended	Attended
7	Mounir Boutros Ibrahim Muasher	Attended	Attended	Attended	Attended

(e) A penalty, precautionary restriction, or fine imposed upon any Board member from any judicial, supervisory or regulatory authority related to the Company:

There is no penalty, precautionary restriction, or fine imposed on any of the Board members from any judicial, supervisory or regulatory authority related to the Company.

Second: Board of Directors Committees:

In implementation of the provisions of the Companies Law, the Corporate Governance Regulations issued by the Capital Market Authority, the Insurance Companies Governance Regulations and The Company's articles of association, Board of Directors committees were formed from Board members and non-Board members and their work regulations were approved to assist The Company's Board of Directors in managing The Company effectively and efficiently.

1- Current and previous positions, qualifications and experience of non-Board of Directors committee members

SN	Name	Current positions	Previous positions	Qualifications	Experiences
1	Abdulelah M. Bin Moammar	<ul style="list-style-type: none"> - Member of the AICC Audit Committee - -Executive Director Corporate FinanceThiqah Business Services Co. 	<ul style="list-style-type: none"> - General Manager of Investment and Governance at Saudi Aircraft Adjustment and Maintenance Company (GDC Middle East) - Director General of the Financial Department at Saudi Aircraft Adjustment and Maintenance Company (GDC Middle East) - CFO at Saudi Technology and Security Comprehensive Control Co. Ltd. (Tahakom) Credit Analyst at the Saudi Industrial Development Fund (SIDF) 	<ul style="list-style-type: none"> - Master's degree in Business Administration, New York University - USA - Bachelor's degree in Business Administration - Financial Management from King Saud University 	Experience in the fields of finance, investment and governance.
2	Meshary bin Salman Al Suhaim	Member of the audit committee at AICC. Owner of Suhaim Chartered Accountant Office	Director of Financial Control at Alinma Investment Company Accountant at Ernst & Young. Accountant at Dar Alarkan Real Estate Development Co. (DAAR)	Bachelor's degree in Accounting from King Saud University. Master of Science in Management from the USA	Experience in the fields of accounting, finance and auditing.

2- Current and previous positions, qualifications and experience of Board of Directors committee members:

The CVs of committee members from within the Board of Directors, including their current and previous positions, qualifications and experiences, as mentioned on page No. (20) to page No. (27).

(a) Audit Committee:

(a-1) The Audit Committee was formed, and its tasks, work regulations and members' remuneration were approved for the new Board session, which started on 27/02/2020 for a three- Gregorian-year period at the Ordinary General Assembly meeting held on 09-09-1438 AH corresponding to 20-08-2020.

In 2017, the Ordinary General Assembly meeting approved the Audit Committee's work regulation in implementation of the provisions of the updated corporate governance regulation. The tasks of the audit committee are in accordance with the provisions of the Companies Law, the Corporate Governance Regulations and the Regulations for Audit Committees in Insurance Companies issued by the Saudi Central Bank in addition to the internal corporate governance regulation and the Audit Committee's work regulations, including for example, without limitation the following:

- Supervising the Company's internal audit department to verify its effectiveness in carrying out the work and tasks assigned thereto by the Board of Directors.
- Examining the internal control system and developing a written report on its opinion and recommendations in this regard.
- Examining internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- Recommending to the Board of Directors the appointment of external auditors, their dismissal, and their remuneration, and ensuring their independence, when recommending appointment.
- Following up on the work of external auditors, and approving any work outside the scope of the audit work they are assigned to do while they are performing the audit work.
- Examining the audit plan with the external auditors, and expressing its comments thereon.
- Examining the external auditor's notes on the financial statements and following up on what has been done in their regard.
- Examining the preliminary and annual financial statements before submitting the same to the Board of Directors and expressing an opinion and recommendation in this regard.
- Examining the accounting policies used and expressing an opinion and recommendation to the Board of Directors in this regard.

(a-2) Names of the Audit Committee members:

SN	Member Name	Position	Member's capacity in the Board of Directors
1	Abdulrahman bin Muhammad Al Angari	Chairman of Committee	Chairman of Committee
2	Meshary bin Salman Al Suhaim	Committee member	Non-Board member
3	Abdulelah M. Bin Moammar	Committee member	Non-Board member

(a-3) Number and record of attendance of audit committee meetings during 2021:

SN	Member Name	First meeting 11/03/2021	Second meeting 22/03/2021	Third meeting 02/05/2021	Fourth meeting 09/08/2021	Fifth meeting 20/09/2021	Sixth meeting 30/09/2021	Seventh meeting 02/11/2021
1	Abdulrahman Al Angari	Attended	Attended	Attended	Attended	Attended	Attended	Attended
2	Meshari Al Suhaim	Attended	Attended	Attended	Attended	Attended	Attended	Attended
3	Abdulelah Bin Moammar	Attended	Attended	Attended	Attended	Attended	Attended	Attended

(b) Nominations and Remunerations Committee:

(b-1) The Nominations and Remunerations Committee was formed as per a decision of the Board of Directors after obtaining no objection from the Saudi Central Bank. The tasks of the Nominations Committee are as stipulated in the relevant laws, regulations and instructions and the work regulations of the Nominations and Remunerations Committee, including, without limitation, the following:

- Recommending the Board of Directors, to nominate Board members, in accordance with the approved policies and standards, taking into consideration not to nominate any person previously convicted of a crime that violates honor and trust.
- Annual review of the required needs of the appropriate skills for Board membership, and preparing a description of the capabilities and qualifications required for Board membership, including determining the time that a member must devote to work with Board of Directors.
- Reviewing the Board of Directors structure, and making recommendations regarding changes that can be made.
- Determining the weaknesses and strengths of the Board of Directors, and suggesting the same to be addressed in line with The Company's interest.
- Ensuring, on an annual basis, that independent members are really independent, and that there is no conflict of interest if a member is a Board member of another company.
- Establishing and reviewing clear compensation and remuneration policies for Board members and senior executives, and taking into consideration, when setting these policies, the use of performance-related standards.
- Recommending the Board of Directors on matters related to nominations and remuneration.

(b-2) Names of Nominations and Remunerations Committee members.

SN	Member Name	Position	Member's capacity in the Board of Directors
1	Abdulaziz bin Saleh Al Omair	Chairman of Committee	independent
2	Abdulrahman bin Muhammad Al Angari	Committee member	independent
3	Abdulaziz bin Abdulhadi Al Qahtani	Committee member	non-executive
4	Mounir Boutros Muasher	Committee member	non-executive

(b-3) The number and record of attendance at Nomination and Remuneration Committee meetings during 2021:

SN	Member Name	First meeting on 30/06/2021	Second meeting on 22/12/2021
1	Abdulaziz bin Saleh Al Omair	Attended	Attended
2	Abdulaziz bin Abdulhadi Al Qahtani	Attended	Attended
3	Abdulrahman bin Muhammad Al Angari	Attended	Attended
4	Mounir Boutros Muasher	Attended	Attended

(c) Executive Committee:

(c-1) The Executive Committee was formed as per a decision of the Board of Directors, taking into consideration any instructions set by the Saudi Central Bank or the Board of Directors or the relevant rules,

regulations and instructions, the Executive Committee shall exercise all the powers decided by the Saudi Central Bank or the Board of Directors. The Executive Committee shall cooperate with the Managing Director or the Director General within the limits of the powers assigned thereto. The Executive Committee makes recommendations to the Board of Directors on various topics such as strategic plans and action plans. The Board of Directors delegates the Executive Committee to carry out its duties in some cases.

(c-2) Names of the Executive Committee members.

SN	Member Name	position	Member's capacity in the Board of Directors
1	Mounir Boutros Muasher	Chairman of Committee	non-executive
2	Othman Muhammad Ali Bdeir	Committee member	non-executive
3	Abdulaziz Saleh Al Omair	Committee member	independent

(c-3) Number and record of attendance at Executive Committee meetings during 2021:

SN	Member Name	First meeting 15/03/2021	Second meeting 03/05/2021	Third meeting 25/08/2021	Fourth meeting 30/09/2021	Fifth meeting 17/11/2021	Sixth meeting 22/12/2021
1	Mounir Boutros Muasher	Attended	Attended	Attended	Attended	Attended	Attended
2	Abdulaziz Saleh Al Omair	Attended	Attended	Attended	Attended	Attended	Attended
3	Othman Muhammad Ali Bdeir	Attended	Attended	Attended	Attended	Attended	Attended

(d) Investment Committee:

(d-1) Tasks of Investment Committee are summarized in developing strategic plans for company's investments and ensuring their compliance with the provisions of the bylaws and regulations issued by the supervisory authorities, including investment regulations issued by the Saudi Central Bank, formulating and preparing the investment, reviewing its performance and implementing it on an annual basis. Investment Committee also monitors performance of the Company's investments, determining the investment objectives, and setting the necessary plans for investment.

(d-2) Names of the Investment Committee members:

SN	Member Name	Position	Member's capacity in the Board of Directors
1	Ghassan Ibrahim Akeel	Chairman of Committee	Non-executive
2	Abdulaziz bin Abdulhadi Al Qahtani	Committee member	Non-executive
3	Muhammad bin Ibrahim Al Mangour	Committee member	Independent

(d-3) Number and record of attendance at Investment Committee meetings during 2021

SN	Member Name	First meeting 15/03/2021	Second meeting 23/06/2021	Third meeting 03/08/2021	Fourth meeting 16/11/2021
1	Ghassan Ibrahim Akeel	Attended	Attended	Attended	Attended
2	Abdulaziz bin Abdulhadi Al Qahtani	Attended	Attended	Attended	Attended
3	Muhammad bin Ibrahim Al Mangour	Attended	Attended	Attended	Attended

(e) Risk Management Committee

(e-1) The tasks of the Risk Committee are summarized in assisting the Board of Directors and senior management in the process of identifying, limiting and monitoring the risks that The Company is exposed to continuously, and maintaining an acceptable level of risk for The Company. In addition to working on designing a comprehensive risk management strategy and following up on its implementation, reviewing and updating it based on the variables. The Company also supervises the risk management system, evaluates its effectiveness, and makes recommendations to the Board of Directors on issues related to risk management.

(e-2) Names of the Risk Management Committee Members:

SN	Member Name	position	Member's capacity in the Board of Directors
1	Ghassan Ibrahim Akeel	Committee member	non-executive
2	Othman Muhammad Ali Bdeir	Committee member	non-executive
3	Muhammad bin Ibrahim Al Mangour	Committee member	independent

(e-3) The number and record of attendance at the meetings of the Risk Management Committee during 2021

SN	Member Name	First meeting 15/03/2021	Second meeting 23/06/2021	Third meeting 05/09/2021	Fourth meeting 16/11/2021
1	Ghassan Ibrahim Akeel	Attended	Attended	Attended	Attended
2	Othman Muhammad Ali Bdeir	Attended	Attended	Attended	Attended
3	Muhammad bin Ibrahim Al Mangour	Attended	Attended	Attended	Attended

12) Names of the executive management members, their current and previous positions, qualifications and experience:

SN	Name	Current Job	previous positions	Qualifications	Experiences
1	Ziyad bin Muhammad Al Rubaish	- -General Manager	Deputy General Manager of AICC Director of Compliance Department at AICC. Director of Legal and Shareholder Affairs at AICC. Legal advisor and Head of the Insurance Team at the Saudi Industrial Development Fund (SIDF) Lawyer and legal advisor.	Higher Diploma in Commercial Law and Insurance Law from Swansea University, UK. LLB from the University of Jordan Higher Law Diploma from Bournemouth Business School International (BBSI), UK. Certificates specializing in insurance	Experience in the fields of commercial law, industry, insurance and finance
2	Adel bin Saleh Al Faraj	Director of Human Resources and Administrative Affairs	Human Resources Director - Saudi Chemical Company	Bachelor's degree from King Saud University International professional certificates specialized in the field of human resources.	Practical and professional experience in all roles and tasks of human resources management in the field of insurance, petrochemical industries, and health services.
3	Hussein Abdul Mohsen Al Rashed	CFO	* Executive Finance Director - Al Ahlia Cooperative Insurance Company * Director of Accounting Department - Al Ahlia Cooperative Insurance Company * Head of Accounts - Al Ahlia Cooperative Insurance * Head Office Accountant - Al Alamiya Cooperative Insurance Company * Assistant Auditor - Ernst & Young	Master's degree in Accounting from the USA Bachelor's degree in Accounting from King Faisal University Insurance Fundamentals Certificate	Experience in the fields of finance, accounting, insurance and auditing
4	Saud Bin Ahmed Al Manae	Claims department manager	Director of Motor Claims and General Insurance - Central Region, Director of Service Providers Department, and Director of Compliance and Quality at Tawuniya Insurance	Diploma in Insurance from the Chartered Insurance Institute, London, UK. Diploma in Claims Handling Process	Experience in the insurance field

			Company. Claims Manager (General, Auto and Health Insurance) at Allianz Saudi Fransi Co. - Director of Claims Department (General, Auto and Health Insurance) at Al Alamiya Cooperative Insurance Company	from the Chartered Insurance Institute (CII), London, UK. Bachelor's degree in Agricultural Sciences from King Saud University.	
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13) A description of any interest, contractual securities and subscription rights belonging to members of the Board of Directors, senior executives and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, and any change in that interest or those rights during the Financial year 2021:

(13-a) Board Members and their Relatives:

SN	Stakeholder Name	Beginning of year		End of year		Net variation	Variation ratio
		Shares	Debt instruments	Shares	Debt instruments		
1	Abdulaziz bin Abdulhadi Al Qahtani	29150	None	29150	None	None	None
	Wife and minor sons	None	None	None	None	None	None
2	Muhammad bin Ibrahim Al Mangour	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None
3	Abdulaziz bin Saleh Al Omair	662	None	662	None	None	None
	Wife and minor sons	None	None	None	None	None	None
4	Abdulrahman bin Muhammad Al Angari	1000	None	1000	None	None	None
	Wife and minor sons	None	None	None	None	None	None
5	Ghassan Ibrahim Akeel	4000	None	4000	None	None	None
	Wife and minor sons	None	None	None	None	None	None
6	Othman Muhammad Ali Bdeir	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None
7	Mounir Boutros Muasher	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None

(13-b) Senior Executives and their Relatives

SN	Stakeholder Name	Beginning of year		End of year		Net variation	Variation ratio
		Shares	Debt instruments	Shares	Debt instruments		
1	Ziyad bin Muhammad Al Rubaish	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None
2	Adel bin Saleh Al Faraj	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None
3	Hussein bin Abdul Mohsen Al Rashed	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None
4	Saud Bin Ahmed Al Manae	None	None	None	None	None	None
	Wife and minor sons	None	None	None	None	None	None

14) Remuneration of Board members and Executives

(14-a) Remuneration Policy:

The approved Company's internal governance regulation included Remuneration Policy for Board members, members of committees and executive management

First: Board Members and Board of Directors committees:

1. The general principle is that the remuneration is fair and commensurate with the member's experience, competencies, independence, and the work and responsibilities undertaken and borne by the Board members, and that the remuneration is reasonably sufficient to attract, motivate and retain appropriate experienced and competent Board members.
2. The annual remuneration for the chairman of the Board shall be in return for the services he performs, as well as the annual remuneration for the Board members, according to the provisions of Article 17 of the Company's articles of association.
3. Each Board member may receive financial compensation for attending Board of Directors meetings as an allowance for his actual attendance for each session in line with the provisions of Article 17 of the Company's articles of association.
4. The Company's management shall pay a non-Saudi Board member whose residence is outside Saudi Arabia, a round-trip air fare directly on business class from his headquarters to the city of Riyadh or the city wherein the Board of Directors meeting or the committees is scheduled to be held, provided that travelling order shall be issued by The Company.
5. As for the Saudi Board member whose residence is outside the city of Riyadh, a round-trip air fare on the first class shall be issued therefor from his residence in Saudi Arabia to the city of Riyadh or the city wherein the Board of Directors meeting or the committees is scheduled to be held, and he shall be compensated therefor in cash.
6. The Company shall bear the housing and transportation expenses for the Board member whose residence is outside the city of Riyadh, starting from the day before the scheduled meeting date until the end of the meeting.
7. The Board members shall allocate sufficient time to carry out their responsibilities, including preparing for Board of Directors and committee meetings, and ensuring their attendance.
8. The Board of Directors, through the Nominations and Remunerations Committee, examines and proposes the remuneration and compensation program for executive members, including the General Manager.
9. Board of Directors reports shall disclose remuneration, compensation and other amounts paid to the Board members, committees, and senior executive members. The report shall also include a statement of the number of board meetings and the number of meetings attended by each member from the date of the last meeting of the General Assembly.
10. Board members may not vote on the remuneration clause at the General Assembly meeting.

Second: Executive Management:

1. The performance of the senior executive members shall be evaluated (bonus and/ or remunerations) through the extent to which they achieve the annual goals set therefor, which include:
 - a) Achieving the profit target
 - b) Completing the strategic projects assigned thereto.
 - c) Meeting all regulatory requirements.
 - d) Successful implementation of training, empowerment and job replacement plans.
 - e) Reducing expenses in proportion to the volume of production.
 - f) Exceptional achievements during the year.
2. The salaries of senior executive management members shall be commensurate with the index and level of what is applied in the competing companies, even if the matter forced to use external studies or expertise.
3. Senior executive management members shall be discussed separately about their annual evaluation about their job performance, which is part of the process of determining the level of bonus and remuneration for each manager.
4. The annual remuneration shall be determined based on the basic salary, not on proportion of the operating profits or the gross income of each senior executive manager.

(14-b) Remunerations and compensations paid to Board members and five of senior executive members, including CEO and CFO during the financial year 2021

First: Board of Directors: (SAR)

Fixed Bonuses								Variable Bonuses				End of Service Benefits	Grand Total	Expense allowance	
	specific amount	Allowance for attending board meetings	Allowance for attending committee sessions	Allowance in kind	Benefits for technical, administrative and consulting works	Total	Proportion from profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Total				
First: the independent members															
Muhammad bin Ibrahim Mangour	-	9,000	33,000	-	-	42,000	-	115,000	-	-	115,000	-	157,000	-	
Abdulaziz bin Saleh Al Omair	-	9,000	33,000	-	-	42,000	-	280,000	-	-	280,000	-	322,000	-	
Abdulrahman Muhammad Al Angari	-	12,000	36,000	-	-	48,000	-	255,000	-	-	255,000	-	303,000	-	
Total	-	30,000	102,000	-	-	132,000	-	650,000	-	-	650,000	-	782,000	-	
Second: Non-executive members															
Abdulaziz bin Abdulhadi Qahtani	-	12,000	30,000	-	-	42,000	-	260,000	-	-	260,000	-	302,000	-	
Othman Muhammad Ali Bdeir	-	12,000	42,000	-	-	54,000	-	240,000	-	-	240,000	-	294,000	-	
Mounir Boutros Muasher	-	12,000	36,000	-	-	48,000	-	265,000	-	-	265,000	-	313,000	-	
Ghassan Ibrahim Akeel	-	12,000	36,000	-	-	48,000	-	265,000	-	-	265,000	-	313,000	-	
Total	-	48,000	144,000	-	-	192,000	-	1,030,000	-	-	1,030,000	-	1,222,000	-	
total summation	-	78,000	246,000	-	-	324,000	-	1,680,000	-	-	1,680,000	-	2,004,000	-	

- The remunerations paid to the Board members during 2021 are for 2019 and for 2020, whereas the Ordinary General Assembly meeting held on 02/06/2021 approved the payment of remuneration to Board members for those years.
- The above amounts constitute what has been paid or what is due to be paid
- Allocated provision for Board of Directors attendance allowances and for Board members' remuneration rewards for 2021 amounts to SAR 1,033,914.

Second: Committee members: (SAR)

Committee Member Remuneration			
Committee	Fixed remuneration (except for the allowance for attending sessions)	Allowance for attending sessions	Total
Audit Committee Members			
Abdulelah Bin Moammar	60,000.00	0.00	60,000.00
Meshari Al Suhaim	60,000.00	0.00	60,000.00
Abdulrahman bin Muhammad Al Angari	60,000.00	0.00	60,000.00
Total	18,000.00	0.00	18,000.00
Nomination and Remuneration Committee Members			
Abdulaziz bin Abdulhadi Al Qahtani	0.00	3,000.00	3,000.00
Abdulrahman bin Muhammad Al Angari	0.00	3,000.00	3,000.00
Abdulaziz bin Saleh Al Omair	0.00	3,000.00	3,000.00
Mounir Boutros Muasher	0.00	3,000.00	3,000.00
Total	0.00	12,000.00	12,000.00
Risk Committee Members			
Muhammad bin Ibrahim Al Mangour	0.00	6,000.00	6,000.00
Othman Muhammad Ali Bdeir	0.00	6,000.00	6,000.00
Ghassan Ibrahim Akeel	0.00	6,000.00	6,000.00
Total	0.00	18,000.00	18,000.00
Executive Committee Members			
Abd Al Aziz bin Saleh Omeir	0.00	9,000.00	9,000.00
Othman Muhammad Ali Bdeir	0.00	9,000.00	9,000.00
Mounir Boutros Muasher	0.00	9,000.00	9,000.00
Total	0.00	27,000.00	27,000.00
Investment Committee Members			
Abdulaziz bin Abdulhadi Al Qahtani	0.00	6,000.00	6,000.00
Muhammad bin Ibrahim Al Mangour	0.00	6,000.00	6,000.00
Ghassan Ibrahim Akeel	0.00	6,000.00	6,000.00
Total	0.00	18,000.00	18,000.00
Gross Total	18,000.00	75,000.00	75,000.00

- The above amounts constitute what has been paid or what is due to be paid

Third: Five senior executives, including the CEO and CFO (SAR):

Year ending December 31st 2021	Senior executives, including the General Manager and Chief Financial Officer in Saudi Riyals
Salaries	3,061,911
Allowances	1,095,669
Annual Bonuses	-
Due End of Service indemnity	172,467
Total:	4,330,047

Fourth: There are no arrangements or agreements whereby a Board member or a senior executive waived any salary or bonus or compensation.

15) The means adopted by the Board of Directors in evaluating its performance and the performance of its committees and members:

The Nomination and Remuneration Committee evaluates the Board members and committees on an annual basis. This is done through the following indicators:

- Independence and impartiality.
- A clear balance in avoiding conflicts of interest.
- Permanent preparation for meetings before the sessions, asking inquiries and requesting additional information to complete and clarify topics, and consult with the relevant authorities, from The Company's concerned seniors.
- Asking questions, inquiring about information, requesting clarifications, and actively participating in the Board of Directors's sessions.
- Active participation in the committee appointed by the Board of Directors.
- Presenting constructive proposals for the development of the Company's activities.
- Foresight knowledge of the future, explaining ideas and eliciting results for proposals.

16) Statutory payments for 2021:

Statement	Provision	Paid
Saudi Stock Exchange (TADAWUL)	-	405,031
The costs of supervision and control, the Saudi Central Bank	-	1,875,378
Fees of Council of Cooperative Health Insurance (CCHI)	413,201	2,340,561
Zakat and income tax	7,652,889	5,024,944
Withholding tax	616,422	498,624
Total	8,682,512	10,144,539

17) Financial fines imposed on The Company during 2021

First: the Saudi Central Bank's executive decisions and the fines imposed on The Company for the years 2020 and 2021:

Violation Subject	2020		2021	
	Number of executive decisions	The total amount of fines in Saudi Riyals	Number of executive decisions	The total amount of fines in Saudi Riyals
Violation of the Saudi Central Bank's supervisory instructions	3	220,000	4	210,000
Violation of the Saudi Central Bank's instructions for combating money laundering and terrorist financing	1	100,000	0	0
Total	4	320,000	4	210,000

In 2021, a fine of SAR 5,442.85 was imposed by the Saudi Central Bank for the late payment of supervision and inspection costs for the 2020 Q4.

Second: Fines of other regulatory authorities:

Zakat, Tax and Customs Authority (ZATCA):

Violation Subject	Total fine in SAR
On 13/09/1443 AH (corresponding to 30/09/2021), Zakat, Tax and Customs Authority conducted a tax assessment of value-added tax returns for 2020, which resulted in the imposition of fines for late payment of tax	186,845
On 13/09/1443 AH (corresponding to 30/09/2021), Zakat, Tax and Customs Authority conducted a tax assessment of value-added tax returns for 2020, which resulted in the imposition of fines for error in tax returns	186,845

The Company is complying with the rules, regulations, and instructions issued by the supervisory authorities. The Company also has control departments that monitor The Company and issue reports on any observations or violations of the rules, regulations and instructions, as well as suggest corrective and preventive measures in coordination with the concerned departments. The Company takes corrective and necessary measures to try to avoid occurrence of violation in the future.

18) External Auditors:

The Company's Ordinary General Assembly meeting held on 21/10/1442 corresponding to 02/06/2021 approved the appointment of the Company auditors from among the candidates to examine, review and audit the financial statements for the second, third, and fourth quarters and annual financial statements for the fiscal year 2021 and the first quarter of the financial year 2022 and determine their fees. They are as follows: AlAzem, AlSudairy, AlShaikh & Partners CPAs and Auditors, and Ibrahim Ahmed AlBassam & Partner CPAs (AlBassam & Partner) (allied accountants).

The Board of Directors did not issue any recommendation to change the auditor prior to the period for which they were appointed. Just as there is no recommendation from the Audit Committee, there is no conflict between the audit committee and the Board of Directors's regarding the appointment of the Company's auditors, determining their fees, or evaluating their performance.

19) Risk Management:

The Company has developed policies and procedures guide for risk management that include the work of all technical and non-technical departments in accordance with the provisions of laws, regulations and circulars issued by the supervisory authorities. The Company works to implement the provisions of this guide, review it annually and update it when needed. The risk management function carries out its work and activities in compliance with the the Saudi Central Bank-Promulgated Risk Management Regulations and any other control or supervisory requirements.

Also, the Board of Directors's Risk Management Committee, in addition to risk management, works to follow up on the implementation of risk management policies and procedures and to study potential risks that may arise from The Company's business or from the insurance and investment market situation to find out ways to contain those risks through the policies and procedures adopted in the Company.

20) Internal Audit Department and Compliance Department:

The Company's Internal Audit Department evaluates the effectiveness and efficiency of internal controls, policies and procedures while maintaining professional independence. Its tasks include the preparation of comprehensive reports that are necessary for the results of its audit and compliance, as well as its discussion with the audit committee and concerned directors. In addition to providing proposals and recommendations to be implemented to address and close the comments.

Moreover, the Compliance Officer monitors The Company's compliance and ensures that The Company implements the laws and regulations promulgated by all regulatory authorities, and submits its reports regarding the results of its audit to the Audit Committee and take the necessary actions to promote The Company's compliance level.

21) Results of annual review for Internal Control procedures' effectiveness:

The Company has developed the internal control procedures, by the Audit Committee, the Internal Audit Department and the Compliance Department, the regulations, policies and work guidelines for all technical departments and branches. Furthermore, The Company constantly evaluates the effectiveness of implementing such procedures and examines the basic risks within the Company based upon procedures and policies as per the applicable laws and regulations.

The Audit Committee also monitored the performance of the Internal Audit Department, including its tasks, and the implementation of its plan approved by the Audit Committee for the year 2021. The Committee also

continuously monitored the work of the Internal Audit Department, which in turn prepared its periodic reports, recommendations and proposals to be applied on the work of the Company's various departments and submitted the same to the concerned departments and the Audit Committee and made recommendations in this regard to the Board of Directors. The Audit Committee supervised the Compliance Department performance, reviewed all reports issued thereby, provided guidance in their regard, and monitored its work on an ongoing basis.

The Audit Committee held seven meetings during the year 2021 to discuss and review the Internal Audit Department and the Compliance Department reports, and to discuss the financial statements with the external auditor, company management and other topics in accordance with the regulatory requirements. The annual review of the effectiveness of the internal control procedures resulted in the fact that the Company's internal control system is appropriate and implemented efficiently and effectively, and the management monitors it periodically and takes corrective actions proposed by the internal control departments, and the internal control system is updated whenever necessary. The Audit Committee believes that the internal control procedures carried out by The Company through the various to operate efficiently and effectively, given that it cannot provide an absolute confirmation.

Just as the internal control procedures did not result in violations or fundamental problems that might affect the Company's work or should be noted, and no material financial defect was detected during the year 2021.

22) Capital, Shares, Debt Instruments and Shareholders' Equity:

(22-a) The Company's capital upon incorporation amounted to two hundred million Saudi riyals (SAR 200,000,000/-) divided into twenty million (20,000,000) ordinary shares with a nominal value of ten Saudi riyals (SAR 10/-) per share, which is totally paid. The founding shareholders subscribed by twelve million (12,000,000) shares (60%) of the Company's total shares, and they paid their full value. The remaining shares amounting to (8,000,000), eight million shares, i.e. (40%) were offered for public subscription that was made in the period from 15/10/1428 AH (Corresponding to 27/10/2007) to 22/10/1428 AH (corresponding to 03/11/2007) at a subscription price of ten Saudi riyals (SAR 10/-) per share. The shares were listed in the Saudi Stock Exchange (Tadawul) on 26/01/1429 AH (Corresponding to 04/02/2008).

The Company's capital was increased on 15/07/1436 AH (04/05/2015) by (SAR 200,000,000), two hundred million Saudi Riyals, which represents (20,000,000), twenty million shares by offering rights issue shares. As the company's capital has become (SAR 400,000,000), four hundred million Saudi Riyals, divided into (40,000,000), forty million normal shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The Company's capital has been reduced to two hundred and sixty-five million Saudi riyals (SAR 265,000,000), divided into twenty-six million five hundred thousand (26,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share that were paid in full, after obtaining the required statutory approvals as well as the approval of the Extraordinary General Assembly meeting held on 28/10/1437 AH corresponding to 08/02/2016.

On 16/04/1440 AH (corresponding to 23/12/2018), the Board of Directors recommended to increase the Company's capital by offering rights issue shares to increase the Company's capital from two hundred and

sixty-five million Saudi riyals (SAR 265,000,000) to five hundred and thirty million Saudi riyals (SAR 530,000,000), an increase of 100%.

On 11/03/1442 AH (corresponding to 28/10/2020), Alinma Investment Company was appointed as a financial advisor to manage offering rights issue shares.

On 13/09/1442 AH (corresponding to 25/04/2021) the capital increase approval request file was submitted to the Capital Market Authority, and after obtaining the Capital Market Authority's approval, the Extraordinary General Assembly meeting was held on 04/04/1443 AH (corresponding to 09/11/2021), which ended in disapproval of the Board of Directors's recommendation to increase the capital.

A request was submitted to the Saudi Central Bank to extend the approval previously granted to the Company to complete the capital increase process, and the Company obtained the Saudi Central Bank's approval to extend the approval previously granted for a period of six months ending on 09/07/2022.

On 04/07/1443 AH (corresponding to 06/02/2022), the Company submitted a capital increase approval request file to the Capital Market Authority.

(22-b) Below are the names of the major shareholders whose shares are 5% or more in the Company's shares:

Name	Ownership
Arabia Insurance Company (AIC) S.A.L (Holding Company) (Lebanon)	19.2%
Jordan Insurance Company (JIC) PLC (Jordan)	9.19 %
Arab Supply & Trading Company (ASTRA) - Saudi Arabia	5%

(22-c) The provisions relating to the rights of shareholders contained in the Corporate Governance Regulations issued by the Capital Market Authority's Board have been complied with in relation to the general rights of shareholders and to facilitate the exercise of their rights and their access to information in addition to the rights related to the general assembly meeting.

(22-d) With regard to the rights of shareholders in dividends and the dividend policy, Article 46 of the company's articles of association stipulates the following: *"The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard. The decision shows the due date and the date of distribution. Eligibility for dividends shall be for shareholders registered in the shareholders' records at the end of the day specified for maturity. The company informs the Capital Market Authority without delay of any decisions to distribute profits or recommend it, and the profits to be distributed to shareholders shall be paid at the place and dates determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of the Saudi Central Bank."*

The company follows the cooperative insurance companies' control law and the applicable regulations, and the profits from investing the shareholders' funds are in accordance with the rules set by the Board of Directors.

The Company shall:

1- Set aside the prescribed zakat and income tax.

2- Set aside (20%) of the net profits to form a statutory reserve, and the Ordinary General Assembly meeting may stop this setting-aside when the total reserve reaches (100%) of the paid-up capital.

3- Ordinary General Assembly meeting, when determining the amount of profits per share, may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.

(22-e) There is no decision to distribute profits for the financial year 2021 due to the existence of a balance of accumulated losses

(22-f) There are no arrangements or agreements under which one of the company's shareholders has waived any rights to profits.

(22-g) The company has not been notified of any interest in the class of voting shares belonging to persons other than members of the company's board of directors, senior executives and their relatives.

(22-h) There are no convertible debt instruments, any contractual securities, subscription right notes, or similar rights issued or granted by the company during the financial year 2021.

(22-i) There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.

(22-j) There is no refund, purchase or cancellation by the Company of any recoverable debt instruments.

(22-k) There are no treasury shares held by the company.

23) Actions taken by the Board of Directors to inform its members, especially non-executives, of the shareholders' proposals and comments regarding the company and its performance:

Within the company's organizational structure, there is a shareholder affairs section that is concerned with receiving the proposals, observations and inquiries of the shareholders by phone or other means of communication shown on the financial market website, TADAWUL, and the company website, and the board is notified about it, and shareholder proposals and observations are received through the company general assembly meetings and presented to the nearest meeting for the board (if any).

24) A statement of the dates of the general assemblies of shareholders held during the year 2021 and the names of the Board members attending these assemblies:

SN	Member Name	Ordinary General Assembly meeting held on 21/10/1442 AH corresponding to 02/06/2021	Extraordinary General Assembly meeting held on 04/04/1443 AH corresponding to 09/11/2021
1	Abdulaziz Abdulhadi Al Qahtani	Attended	Did not attend
2	Muhammad bin Ibrahim Al Mangour	Did not attend	Did not attend

3	Abdulaziz bin Saleh Al Omair	Did not attend	Attended
4	Abdulrahman bin Muhammad Al Angari	Attended	Attended
5	Ghassan Ibrahim Akeel	Attended	Attended
6	Othman (Mohammed Ali) Othman Bdeir	Attended	Did not attend
7	Mounir Boutros Ibrahim Muasher	Attended	Attended

25) The number of the Company's requests for shareholders' records during 2021, the dates of those requests and their reasons:

Request Date	Request Reason
28/03/2021	Shareholder information update
12/04/2021	Updating shareholder data and according to capital increase requirements
02/06/2021	Ordinary General Assembly meeting
02/09/2021	Shareholder information update
05/09/2021	Shareholder information update
12/09/2021	Shareholder information update
24/10/2021	Shareholder information update
09/11/2021	Extraordinary General Assembly meeting
09/12/2021	Shareholder information update

26) Corporate Governance Regulations:

The Board of Directors confirms that adherence to corporate governance is a key element of the company's success, as it requires the application of a clear framework of transparency and disclosure in the interest of shareholders, and the company believes that corporate governance is one of the most important frameworks that ensure the effective policy and systems of the company's leadership, management and control over its work. The company is currently working through internal governance regulations and the company also complies with the provisions of the corporate governance regulations issued by the Capital Market Authority's Board and the insurance companies' governance regulations issued by the Saudi Central Bank on 22/10/2015.

In the fourth quarter of 2021, the Board approved the updated Corporate Governance Regulations, which will be presented at the nearest General Assembly meeting for approval by the Company's shareholders.

The General Assembly also approved Audit Committee's work bylaw, the Nomination and Remuneration Committee work bylaw, updated policies and standards of Board membership procedures in implementation of the provisions of the companies Governance bylaw issued recently by the Capital Market Authority.

The company also operates through internal bylaws such as bylaw of tasks and responsibilities of the board of directors, bylaw organizing the relationship with stakeholders, bylaw of Regulating Conflicts of Interest, Disclosure and Transparency bylaw, Shareholders' Rights bylaw, Risk Management Committee Work Charter, Compliance Department Work Charter, Internal Audit Department Work Charter, Company's Staff Code of Ethics, and Violation Reporting Policy.

The provisions of the Insurance Companies Governance Regulations, the Company's Internal Governance Regulations, and the provisions of the Corporate Governance Regulations issued by the Capital Market Authority have been implemented with the exception of the following:

Article No>	Provision of article/section	Reasons for non-compliance
14/H	Evaluation: The Board of Directors makes the necessary arrangements to obtain an evaluation of its performance by a competent third party every three years.	The evaluation is performed internally.
93	Five senior executives who received the highest rewards from the Company, including the CEO and the CFO	The Company shall disclose salaries and bonuses in aggregate.
95	<u>Formation of the Corporate Governance Committee (Guiding Article)</u> In the event that the Board of Directors forms a committee specialized in corporate governance, it must delegate thereto the powers established in accordance with Article 94 of these bylaw, and this committee must follow up on any issues regarding governance applications, and provide Board of Directors, at least annually, with the reports and recommendations reached.	The Board of Directors reviews any issues related to the governance applications, and the Internal Audit and Compliance Department provides Audit Committee with its observations on the implementation of the company's governance, which in turn submits them to the Board of Directors.

Acknowledgments

The company acknowledges that:

- Account records were prepared in a correct manner.
- Internal control system was prepared on a sound basis and was effectively implemented.
- There is no doubt regarding the ability of the company to continue its activity.
- The company does not have any loans.
- The absence of businesses or contracts in which the company was a party, and which has a substantial interest for the CEO, the financial manager, or any person related to any of them, with the exception mentioned in Paragraph No. (10) of this report.
- There are no qualifications from the external auditors' in their report on annual financial statements.

In conclusion, the Board of Directors takes this opportunity to extend sincere thanks and appreciation to the esteemed customers, shareholders and to all employees of the AICC for their support to the company. The Board of Directors also thanks the Saudi Central Bank, the Capital Market Authority, the Council of Cooperative Health Insurance and the Ministry of Commerce for their continuous support and for everything that would develop insurance sector in Saudi Arabia.

END OF REPORT

Board of Directors