

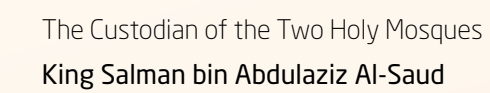


Prince Mohammed bin Abdulaziz
Road, Riyadh, Saudi Arabia
info@malath.com.sa
www.malath.com.sa



Annual report 2022





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

His Royal Highness the Crown Prince and Prime Minister
Mohammad Bin Salman Bin Abdulaziz Al Saud



Malath Cooperative Insurance is a leading multi-line insurer that engages in the provision of general insurance solutions. It operates through the following segments: Medical, Motor, Property and Casualty.

The Company's product portfolio includes but not limited to medical insurance programs for small to medium & large-sized enterprises, health insurance, motor insurance, engineering insurance, property insurance, marine hull insurance, marine cargo insurance, miscellaneous accident insurance, travel insurance, inherent defect insurance and medical malpractice insurance.

Since its inception, Malath has always been one step

ahead, embracing innovation while finding new ways to serve and protect those who rely on them.

Reflecting on its purpose of creating a brighter future together, Malath aspires to be one of the most responsible and impactful businesses in the local arena.

The Company is proud of its achievements and remains optimistic and confident of its continued success - thanks

to its resources, network, and the wealth of knowledge and expertise of its most prized asset - its employees.

In April 2007, the company has established itself as a leading provider of insurance products and services, fulfilling the needs of the local market through an ideal insurance concept and total professionalism, in 2017 the Company's share capital increased to SR 500 million, by right issue prospectus.

Our Customer's Overview



Individuals



Small
Businesses






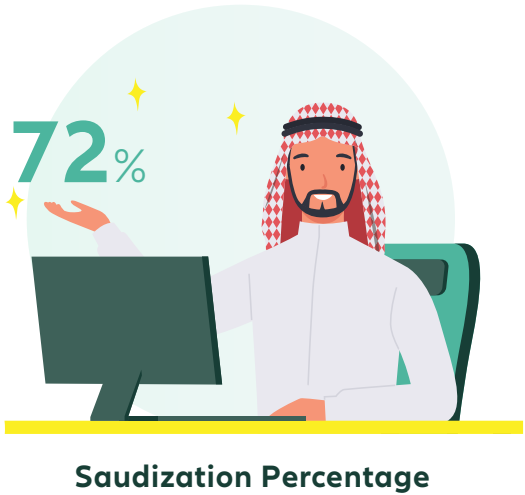
Mid-sized
Companies



Large
Companies

Key Highlights 2022

| Insurance Line | Gross Insurance Premiums | 2022 | 2021 |
|---|--------------------------|-------------|-------------|
|  Medical Insurance | | 505,452 SAR | 389,872 SAR |
|  Motor Insurance | | 354,665 SAR | 492,450 SAR |
|  Property and Casualty Insurance | | 84,259 SAR | 59,785 SAR |



Outstanding sales growth on medical insurance of 30%

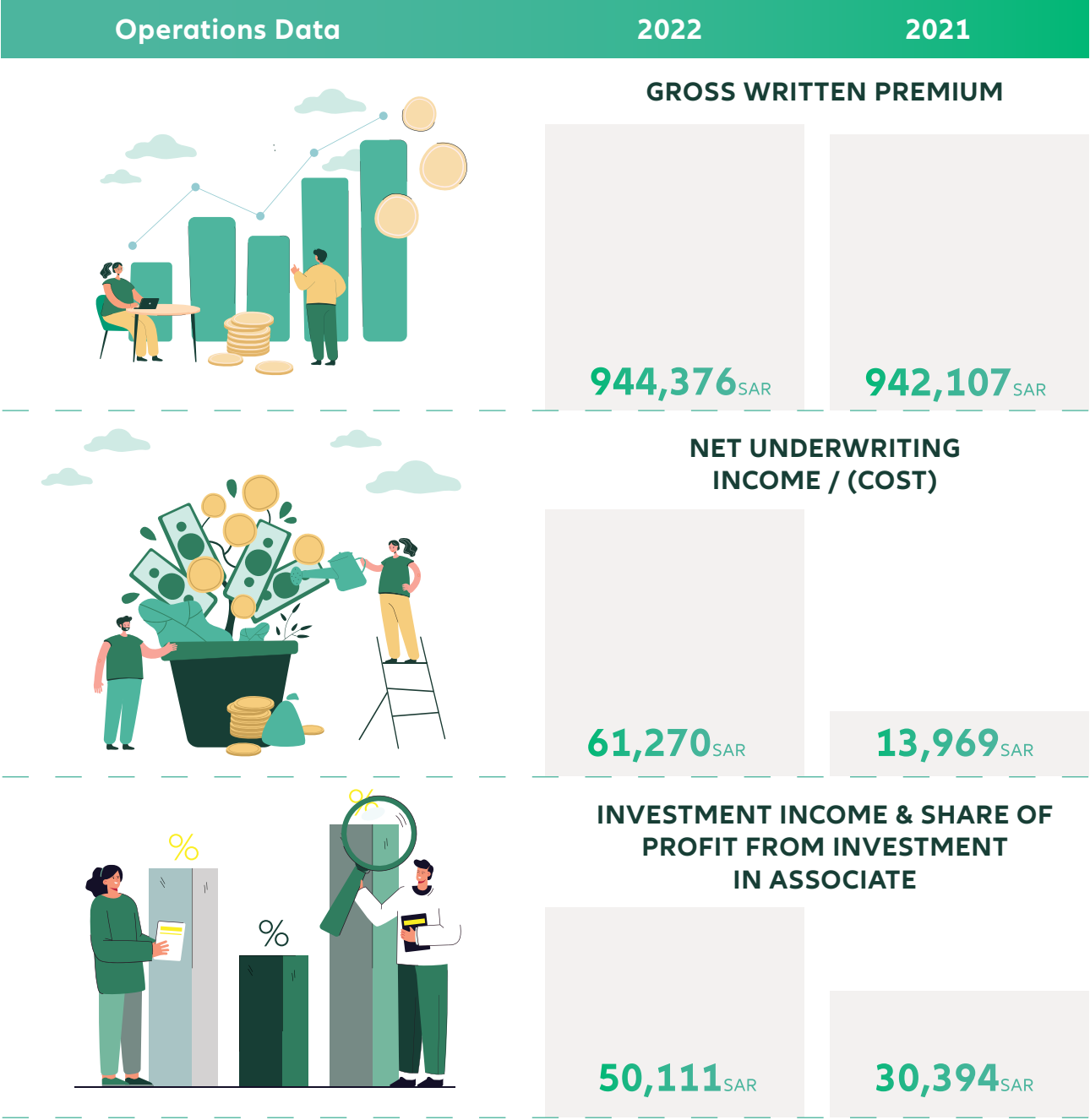


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Corporate Governance

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01

Malath Profile

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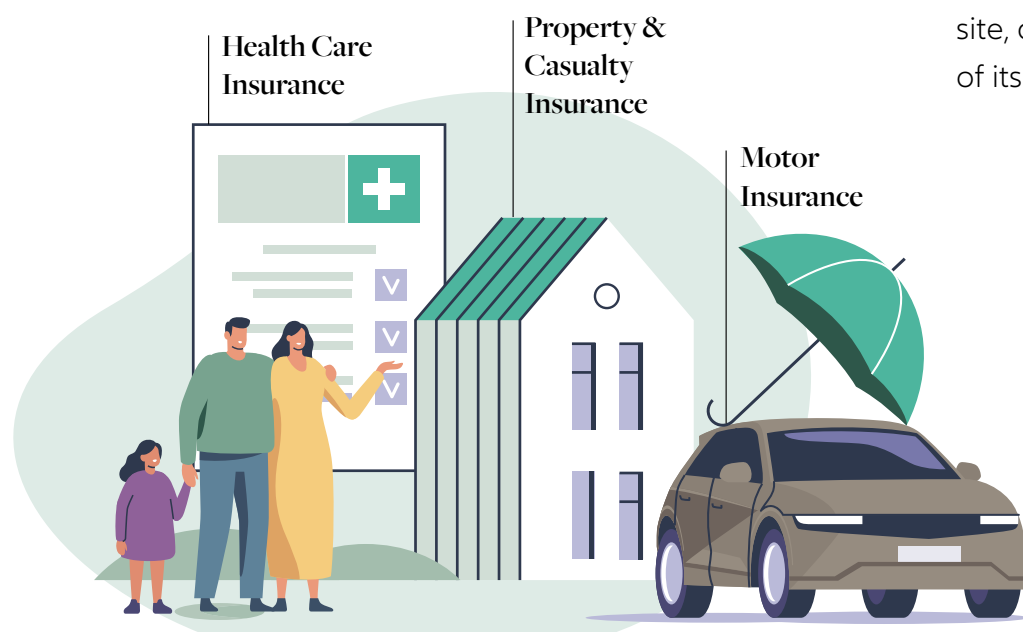
About Malath

Since its inception, Malath Cooperative Insurance, referred to as the “Company” herein, has continued to lead the way and set standards in the industry, fast becoming one of the largest insurance providers in Saudi Arabia.

Malath Cooperative Insurance Co. is a Saudi joint-stock company with a paid-up capital of 500 million Saudi Riyals registered in the Kingdom of Saudi Arabia under Royal Decree No. M/60, dated 11/10/2006 G with Commercial Registration No. 1010231787, dated 24/04/2007 G.

Malath is one of the leading cooperative insurance companies in the Kingdom. The Company carries out all its activities under the laws and regulations of cooperative insurance in the Kingdom of Saudi Arabia. The main purpose of the Company is to provide cooperative insurance products.

The Company serves its clients through its registered office in Riyadh, its three regional administrations, and its other branches in various regions of Saudi, in addition to a customer service centre, car claims centre, a specialised health care insurance department, sales, and electronic service platforms through the Company’s website, and self-serving device of its kind.



Under the umbrella of the Saudi Central Bank, Malath Cooperative Insurance provides Inherent Defects Insurance coverage following the decision of the Saudi council of ministers No. 509 of 09/21/1439 AH, and is currently the market leader in this segment.

Malath is delighted to contribute to setting the standard for Saudi’s construction sector, which is set to boom in line with Vision 2030, and ensuring they can assist their clients in obtaining suitable coverage tailored to their project’s needs.

Inherent Defects Insurance covers defects in the Structural Works or the Envelope that weaken the Premises’ strength, steadiness, or stability and are attributable to a fault, error, or omission in design, materials, geologicals



“MALATH’S STRATEGY POSITIONS THE COMPANY FOR LONG-TERM SUCCESS



About Malath (continued)

undiscovered at the date of issue of the Occupancy investigation, or construction that was undiscovered at the date of issue of the Occupancy Certificate. The insured shall be compensated against the cost of repairing, replacing, or strengthening the Premises following and consequent upon an Inherent Defect that is discovered and is notified to the Insurer during the Period of Insurance of 10 years causing any of the following events:

- a. Physical damage to the Premises.
- b. The threat of imminent collapse to the Premises that requires immediate remedial measures to prevent an actual collapse within the Period of Insurance.

Malath is a leading company managing the IDI portfolio on behalf of the participating insurance companies. Accordingly, it will exclusively be entitled to management fees for managing the portfolio to be earned over the validity of the IDI agreement ending on June 24, 2025.

The participating insurance companies will account on their financials the IDI portfolio assets, liabilities, revenues, and expenses relating to their share in the portfolio per the IFRSs applicable to the particular assets, liabilities, revenues, and expenses.

The Company is genuinely devoted to putting its customers first. Our highest priorities remain an unwavering commitment to providing high-quality, affordable co-operative insurance services.

Malath’s strategy positions the Company for long-term success; It helps build a unique footprint, solid financial portfolio, and the skills and expertise for its people.

Looking ahead with great confidence to the next phase of the Company’s development, Malath Cooperative Insurance will strive to provide its customers with enhanced services.



Vision

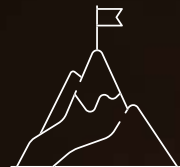
Mission & Values

We consistently strive to deliver the right insurance products, at the right time, in the right setting, to maximise quality, experience, outcomes, and ensure we are meeting our customers' needs and preferences.



Vision

Malath's competitive advantage resets on our knowledge, skills and expertise. We aim to become the chosen Insurer in the Kingdom and contribute to the development, digitalization and progress of our country and people by making cooperative insurance accessible to as many Saudi citizens as possible.



Mission

Our mission is to be a true customer-centred company; to help enhance their lives, activities through our diversified, innovative, and competitive cooperative insurance products/services and to strengthen our expertise. We focus our efforts on delivering great customer service, whatever the channel.



Values

The values we share at Malath inspire the work we share with everyone. Client centricity, agility, accountability, teamwork, passion to perform, and integrity. These values are at the core of our cooperative insurance company. We create value for our society by acting responsible in everything we do.

Malath

Local Presence

One of the largest Insurance Companies in Saudi Arabia



Through a culture of continuous improvement, underpinning the potential to influence perceived service quality, Malath provides easy and quick e-services at various levels.



02

Malath Leadership

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Chairman's Statement

Mr Mohammed bin Ali Al Ammari

Navigating with care

2022 was a year of transition as we continued navigating the economic environment's ongoing impacts and uncertainties. However, we remained focused on supporting our customers, partners, shareholders and the communities we serve.

We will continue proactively engaging with our stakeholders to provide the necessary support as we all continue learning more about the impact of rising inflation on the global economy and the insurance industry.

Investing in innovation

and a diversified portfolio

Malath is a purpose-driven Company with purpose-driven people leading the way. Our shared purpose is to empower customers, create opportunities for our team, deliver value for our shareholders, and improve society.

Customers and employees want businesses to do more, and Malath's licence to operate is based on trusting us to make a difference in society. Purpose and long-term success are fuelled by operational excellence, which we maintained last year despite the volatile economic environment.

Whilst I am enormously proud of what the team has achieved this year, we still have a long way to go - delivering on our commitments to our customers and shareholders and improving our performance. And that takes time. We will not be changing the values that underpin our work, the essential touchstones of care, commitment, community and confidence that help guides the way we operate.

And aiming to do the right thing, as well as doing things right, will be central to our long-term success. Malath's core operations are strong, and we continue to advance our strategy as we create an innovative integrated insurance Company that has the power to make a difference. As a result, we maintained stable, healthy business performance in 2022. With growing cash dividends, Malath continued to strengthen its core technological capabilities in adherence to the philosophy of innovation.

Malath is fully prepared to provide all appropriate insurance products that meet the public's aspirations in a dynamic manner characterised by flexibility, diversity and the unlimited possibility to adapt to developments, market de-

mands, economic activity and social life in all its dimensions.

From this point of view, we are pleased to present to our clients, partners and beneficiaries the annual report of Malath for 2022, which includes, in detail, the movement of capital, financial results and the shareholder's equity position, in addition to a portfolio of products, services and development efforts in multiple sectors to raise the level of performance to new levels that comply with the requirements of the Saudi Vision 2030 and its challenges.

Acknowledgements

On behalf of the Board, I would like to thank the Saudi government for its enduring support and all our partners and shareholders, whose enduring commitments to our shared aims and goals continue to propel our positive growth trajectory.

Mr Mohammed Ali Al Ammari

Non-executive/ Chairman of the BoD/ Member of Executive Committee

- **Current Positions**

- › Chairman of Malath Cooperative Insurance Company
- › Chairman of Wajif Insurance Brokerage Services Company
- › Board Member of Watan Investment Company

- **Previous Positions**

- › Chairman and Managing Director of Tabuk Fisheries Co.
- › Vice Chairman of Malath Cooperative Insurance Company
- › Vice Chairman of Tabuk Cement Company
- › Vice Chairman and managing director of Food Products Company
- › General Director of Food Products Company
- › Deputy General Director of Food Products Company
- › General Manager and Jeff Trade (Insurance Brokers and Consultants)
- › General Manager of Saudi Real Estate Company
- › Assistant General Manager for Local Banking Affairs, General Administration of Riyadh Bank
- › Regional Director of Riyadh Bank in the Eastern province
- › Deputy Regional Director of Riyadh Bank in the Eastern province
- › Assistant Regional Director of Riyadh Bank in the Central region
- › Projects Manager of Industrial Development Fund
- › Teaching Assistant Physics Department, Faculty of Science, King Saud University

- **Qualifications**

- › Bachelor's degree of physics and mathematics - Faculty of Sciences - King Saud University
- › Banking and management course - Chase Manhattan Bank, NYC, USA
- › Courses and seminars in several banking and administrative fields

Mr Bader Bin Ali Al Ali

Non-Executive / Vice Chairman of the BoD/ Chairman of the Executive Committee / Member of the Nomination and Remuneration Committee

- **Current Positions**

- › Vice Chairman of the BoD of Malath Cooperative Insurance Company
- › Executive in the National Financial Service Company

- **Previous Positions**

- › CEO of Najm Insurance Services Company
- › Consultant in SAMA

- **Qualifications**

- › Master of Business Administration - Australia
- › Bachelor of Computer Science - USA
- › Bachelor of Business Administration - USA

Board of Directors

Board of Directors

Mr Amr bin Abdul Razzaq Alnemari

Independent/ Board Member/ Chairman of the Audit Committee/ Risk Committee Member

● Current Positions

- › Board Member of Malath Cooperative Insurance Company
- › CFO at the National Real Estate Registration Services Company

● Previous Positions

- › CFO at the KAFD Development & Management Company
- › Head of Financial Affairs at the Tawuniya Insurance Company
- › Director of Financial Operations at BAE Systems
- › Member of the Financial Committee of the Executive Insurance Committee under the supervision of the Central Bank of KSA
- › Cost Controller at Aljomaih Automotive Company
- › Treasury Manager at Nass Company

● Qualifications

- › Bachelor of Accounting at King Abdulaziz University

Mr Amr bin Abdullah bin Shalhoub

Independent/ Executive Committee Member/ Investment Committee Member/ Risk Committee Member

● Current Positions

- › Board Member of Malath Cooperative Insurance Company
- › Deputy Director of the Central Region for Executive Offices of the Civil Aviation Holding Company

● Previous Positions

- › Director of the Individuals Sales Unit at Allianz Saudi Fransi Insurance Company
- › General Manager of Waad Insurance Agency Services Company
- › Individual Sales Manager of Amana Insurance Company
- › Senior Product Manager at Riyadh Bank Company for the Insurance Agency

● Qualifications

- › Bachelor of Business Administration - USA

Mr Fawaz bin Abdul Rahman Al-Hijji

Executive/ Chief Executive Officer and Managing Director/
Member of Executive Committee/ Member of Investment
Committee

● **Current Positions**

- › Chief Executive Officer and Managing Director of Malath Cooperative Insurance Company
- › Chairman of the Insurance executive committee
- › Vice Chairman of Manafeth Company

● **Previous Positions**

- › Board Member of Najm Company
- › Vice Executive President of motor insurance in Company for Cooperative Insurance, Tawuniya
- › Vice Executive President of motor insurance in Malath Cooperative Insurance Co.
- › Chairman of Subcommittee of Motor Vehicle Insurance in KSA
- › Member of the executive committee for insurance in KSA
- › Member of the technical committee for insurance in Gulf Unio Cooperative Insurance Co.

● **Qualifications**

- › Holding an executive master of management, specialisation of finance and insurance from the University of St. Gallon in Switzerland
- › Bachelors of business administration from King Faisal University
- › Holder of American fellowship in life insurance, medical insurance and a lot of professional and academic certificates in insurance; many specialised executive management courses in the largest international universities and institutes.

Mr Mamdouh bin Saud Al Sharhan

Independent

● **Current Positions**

- › Board Member of Malath Cooperative Insurance Company
- › Board Member of Real Estate Development Fund
- › Vice chairman and managing director of Eastern Juman Company
- › Chief executive officer of Almutlaq Real Estate Company (AREIC)
- › Chairman of Mubadala Investment Company
- › Board Member Aldiyar Alarbiya for Real Estate development company
- › Vice Chairman Juman Eastren for Real Estate development company
- › Bidaya Home Finance Company

● **Previous Positions**

- › Chief Executive Officer of Saudi Real Estate Company
- › Saudi Korean Company for Maintenance and Property Management
- › Saudi Real Estate Infrastructure Company (BINYAH)
- › General Director of Finance of Saudi Real Estate Company
- › Assistant Secretary-General of Public Investment
- › Fund Finance expert at the Saudi Fund for Development
- › Assistant Financial Adviser at Industrial Development Fund
- › Financial analyst at Saudi Industrial Development Fund
- › Accountant at Saudi Electricity Company
- › Vice Chairman of Board Bidaya Home Finance Company

● **Qualifications**

- › Master of Finance - United States of America
- › Master of Banking - Institute of Public Administration
- › Bachelor's of Accounting - King Saud University

Board of Directors

Mr Yasser Rashid Al-Rasheed

Independent / Chairman of Investment Committee / Member of the Nomination and Remuneration Committee

● Current Positions

- › Board Member of Malath Cooperative Insurance Company
- › Director of the Royal Institute of Traditional Arts

● Previous Positions

- › Inspector at Saudi Central Bank
- › Investor officer at global bank
- › CFO at The American Real Estate financing company
- › CFO at the Saudi Company for Real Estate Refinancing Company

● Qualifications

- › Certified Public Accountant – US CPA
- › Certified Public Accountant – KSA SOCPA
- › Bachelors of Accounting from King Saud University
- › Master of Financial Management from University of Denver

Mr Abdul Hamid Abdulaziz Al-Ohali

Independent / Chairman of Risk Committee

● Current Positions

- › Board Member of Malath Cooperative Insurance Company
- › Board Member Al-Yamamah Steel Industries Company
- › Board Member Kayan Holding Company
- › Board Member Ajwad Al-Khair Charitable Company
- › Board Member Saudi Factory for Fish Farming Company

● Previous Positions

- › Board Member of United Electronics Company
- › CEO of United Electronics Company
- › Board Member of Amjal Real Estate Development
- › Board Member of Alfwzan Minerals
- › CEO of Alfwzan Minerals
- › Board Member of Alfwzan Holdings

● Qualifications

- › Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals

Board of Directors

Mr Muhammad Abdul- lah Al-Jumaa

Independent / Chairman of Nomination and Remuneration Committee

● Current Positions

- › Board Member of Malath Cooperative Insurance Company
- › Head of the Governance Team at the General Administration of Governance at Saudi Telecom Company
- › Legal advisor for governance affairs at the General Secretariat of the Board of Directors at Saudi Telecom Company
- › Legal advisor to the General Administration of Governance at Saudi Telecom Company
- › Administrative assistant in preparing regulations for board committees at Saudi Telecom Company

● Previous Positions

- › Supervisor and consultant for contract management in procurement at Saudi Telecom Company
- › Legal advisor in the General Administration of Mergers and Acquisitions at Saudi Telecom Company

● Qualifications

- › Postgraduate Diploma in Legal Practice – Al Imam Mohammed bin Saud
- › Master in legal from East London University
- › Commercial law diploma from London University
- › Diploma in Management and Public Relations from Victoria University
- › Bachelor degree in law from King Saud University
- › Information Technology Diploma from Technical and Vocational Training Corporation

* The member, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2022

Audit Committee Members (From outside the Board of Directors)

| Name | Qualifications | Current Positions | Previous Positions |
|---------------------------------|---|--|---|
| Mr Tariq Mohammed Alshoqiran | Masters Degree in Applied Finance | Head of Financial Reporting at Saudi Investment Bank | <ul style="list-style-type: none"> ✦ MIS Manager – Finance Group at Al Rajhi Bank ✦ General operational experience with Sawaco and Al-Fozan & partners, KPMG |
| Mr Saad bin Saud Al Tayyar | Masters Degree in Accounting | Chief Financial Officer at Modon | <ul style="list-style-type: none"> ✦ Financial Controller at Tawuniya Insurance Company ✦ Head of Financial Reporting at Al Rajhi Bank ✦ Finance Director at National Air Services |
| Mr Saleh Abdulrahman Al Ismaeel | Masters degree in Business Administration | | <ul style="list-style-type: none"> ✦ Several positions at the institute of public administration ✦ General Director of Financial and Administrative Affairs of General Secretariat at the Cooperation Council for the Arab States of the Gulf (GCC) |

Executive Management

Mr Fawaz bin Abdul Rahman Al-Hijji

Current Positions

- › CEO and Managing Director

Previous Positions

- › Executive Vice President of motor insurance in Malath Co-operative Insurance Co.

Qualifications

- › Master of Business Administration from St. Gallon University

Experience

- › More than 24 years of experience in the insurance sector

Mr Abdullah Yusef Al-Hussaini

Current Positions

- › Chief Financial Officer

Previous Positions

- › Director of Internal Audit
- › External Audit Supervisor at Ernst & Young

Qualifications

- › Bachelor's degree in accounting from King Saud University, Certified Public Accountant (SOCPA). Certified Fraud Examiner (ACFE).

Experience

- › More than 8 years of experience in internal and external audit and financial management

Mr Tariq Saleh Al-Ghamdi

Current Positions

- › Executive Vice President - Property and Accident Insurance

Previous Positions

- › Executive Director - Broker Relationships
- › Senior Manager - Central Region Office

Qualifications

- › Diploma of Insurance - Institute of Public Administration
- › Professional Insurance Certificate - BIBF

Experience

- › Over 30 years of experience in the insurance sector

Mr Motab Matar Al Ghamdi

Current Positions

- › Executive Vice President - Motor Insurance

Previous Positions

- › Senior Manager - Motor Claims

Qualifications

- › Diploma from Riyadh College of Technology

Experience

- › More than 13 years of experience in motor insurance

Mr Ahmed Mohamed Al-Rakaf

Current Positions

- › Executive Vice President - Health & Life Insurance

Previous Positions

- › Executive Director - Health Insurance Product Development and Quality Assurance

Qualifications

- › Master of Human Resources Management from Al-Yamamah University

Experience

- › More than 11 years of experience in health insurance

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03

Strategic Report

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Macro Overview

Market Overview and Vision 2030

The Kingdom is committed to a series of wide-ranging reforms that aim to diversify the economy, fostering a more open and connected society and establishing a transparent, efficient and accountable government under the country's Vision 2030 strategic framework.

With that, Saudi Arabia successfully bounced back from the global downturn caused by the pandemic; aided by elevated oil prices in 2022, strategies underlined in Vision 2030 continued moving

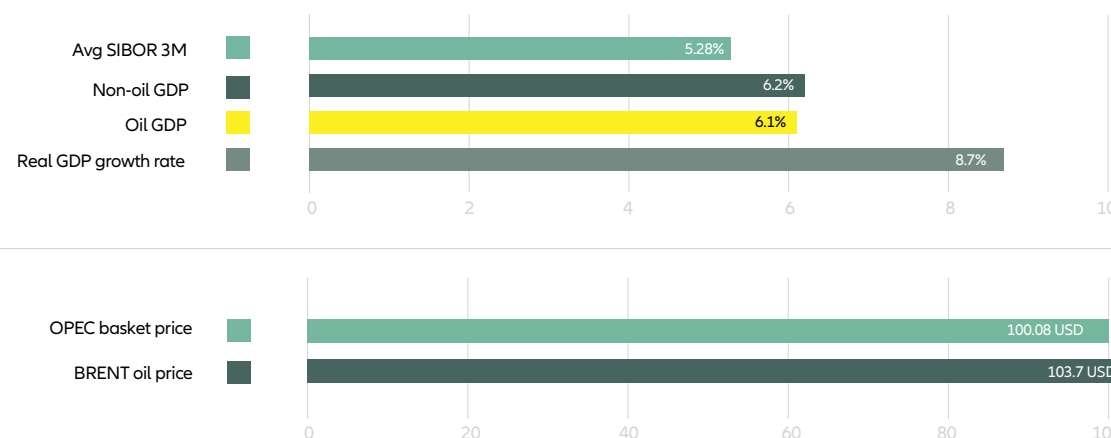
forward. As a result, the Kingdom today presents ample opportunities underpinned by efforts to boost private sector participation in the economy. The economy saw growth of 8.5 % in 2022, up from 3.2% in 2021 and the fastest for more than a decade. 2023 economic growth will slow down amid a weaker global environment as a result of expected lower oil prices and stagnating oil output.

However, GDP growth in 2023 will be around the average for the previous decade, at around 3.1%. This is still very healthy by global standards and reflects the ongoing investment drive

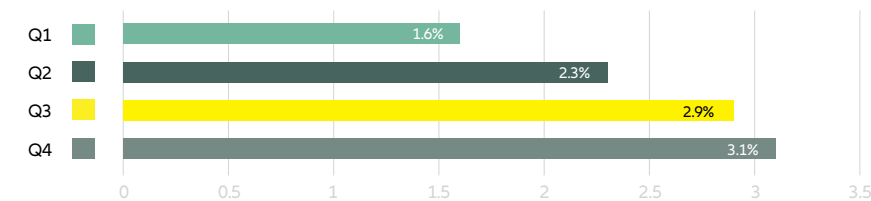
and labour force expansion. The budget projects a reduced surplus of 0.4% of GDP for 2023, down from an estimated 2.6% of GDP in 2022. The latter marks the end of eight years of sizeable budget deficits during the 2014-2021 period.

Oil production growth is contingent on the world avoiding a recession. Domestic activity should continue to show brisk growth as the investment is stepped up and labour force participation continues to expand. These drivers are expected to remain in place for some time and should propel substantial real rises in income per capita over the medium term.

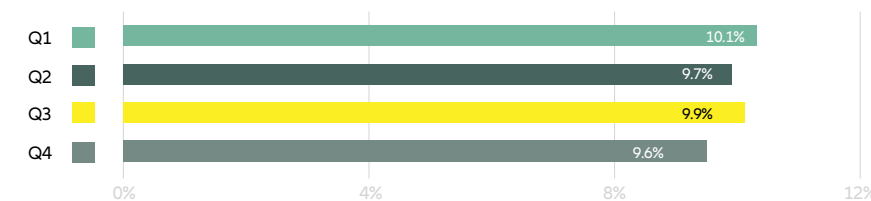
GDP Growth 2022



2022 Inflation



2022 Unemployment Rate (Saudis)



The non-oil private sector (PMI) rose again in November to 58.5%, the highest level in 14 months, with strong new orders and business conditions. In addition, non-oil exports rose around 4.2% year-on-year.

Saudi inflationary pressures remained subdued by global standards. Inflationary pressures are attributed to supply chain disruptions, upwards price pressure on key commodities, tight labour market and increasing housing costs. As a result, the annual average for 2022 was 2.5%, one of the lowest rates among the G20 nations.

The unemployment rate in Saudi Arabia rose slightly to 9.9% in the third quarter of 2022 from 9.7% in the second quarter. The rise, however, was still a significant decline from last year's Q3 unemployment rate, which tallied at 11.3% at the time.

The labour force participation rate of Saudi citizens increased by 0.7% to a total of 52.5%, according to GASTAT. The employment-to-population ratio of Saudi citizens also rose to 47.5%.



Macro Overview

(continued)



Operating Environment

The Financial Sector Development Program develops a sustainable and thriving insurance sector in Saudi Arabia. It focuses on strengthening the existing regulatory environment to address challenges in the insurance sector.

These instructions ensure further development and growth by increasing the ability of companies to take risks. It encourages companies to provide innovative technology solutions that facilitate the experience of beneficiaries and stakeholders. The Program is committed to increasing gross written premiums as a percentage of non-oil GDP to 2.4% by 2025 compared to 1.9% recorded in 2019.

The world is currently witnessing a remarkable development in the insurance sector driven by financial technology. These changes provide technical and innovative solutions to improve the experience of beneficiaries, stakeholders and legislators.

Many technical services have developed in insurance vehicles, such as enabling the filing of accident claims, estimating the costs of traffic accidents, and submitting objections online or via applications. The use of artificial intelligence in the sector is helping improve insurance services for the beneficiaries.

More relevant to the sector in which Malath operates is that the Company needs to navigate a rapidly changing workforce, customer behaviour, and business environments.

“

THE COMPANY IS WORKING ON COMMERCIALY ROBUST, PRAGMATIC, AND IMPLEMENTABLE SOLUTIONS.

Digital technologies have reconfigured the whole business landscape, transitioning from traditional analogue to digital, where Insurance companies switched from an in-person environment to a virtual model, and the market will likely continue to oscillate between the two. Malath ensures that its clients benefit from solutions ranging from large-scale and fundamental transformational change programs to highly-specific future business strategies. The Company is working on

commercially robust, pragmatic, and implementable solutions. In line with one of Malath's main Visions, to be the chosen Insurer in the Kingdom, the Company is looking forward to diversifying its products and increasing its customer base. Malath is embracing digital technology to shift its business model and provide new revenue and value-producing opportunities. Past lessons have shown the interconnectivity of multiple forces and that the response must be digital to drive innovation, competition, efficiency, and a better customer experience.



The Company remains fully committed in its efforts to support the realisation of the Country's Vision 2030 by continuing to grow and evolve its services and to look towards more sustainable product offerings to align further and support the Saudi Vision 2030 set out by the Government.



By also ensuring contactless interaction of the customers with their insurers, Malath aims to become digitally advanced as a means of gaining a more considerable advantage.

As a company, Malath continuously enhances its resilience to business risks and remain compliant with evolving requirements in protecting policyholders' and shareholders' interests.

Business Model

Malath's business model aims to create sustainable value for all stakeholders: customers, employees, shareholders, and the communities in which they live and work. The Company's strategic objective is to create insurance products and services that enable its customers to transfer their risk.

Malath Cooperative Insurance is committed to customers, partners, and investors by reinvesting a part of their profits in their business, human resources, and communities.



The Approach

- Evolving in a fast-paced digital environment
- Adopting a long-term view
- Making sure we continue to meet and exceed customers' needs
- Positive impact on our people and society



Inputs

- Solid financial position
- Balanced business
- Talented people
- Trusted brand
- Remaining true to our purpose and values



Value Proposition

- Strong presence across the country
- Innovation with customers in mind
- Women empowerment
- A balanced and healthy portfolio
- A wide spectrum of general LOB products
- Sound risk management
- Strong brand image with a credible track record



Services & Features

- Health Care Insurance (insurance for individuals and groups)
- Motor Insurance (compulsory third party and damage to vehicles, comprehensive insurance, ZED For Own Damage car insurance)
- Property & Casualty Insurance (property, engineering, miscellaneous, travel, medical malpractice, and marine insurance)



Facilities

- Registered office in Riyadh
- Three regional branches
- Customer service
- Car claims
- Health care insurance department
- E-sales outlets
- Self-serving device
- Payment gateways
- Kiosks
- Aggregators



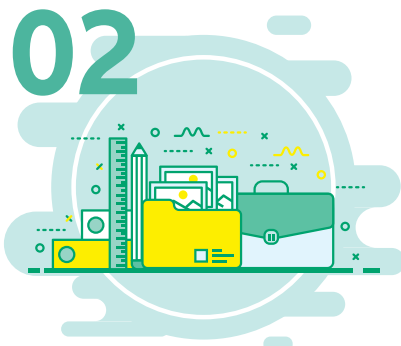
Value Creation

- Offerings that meet customers' unique needs
- Agile and responsive company
- On track to achieve financial targets
- Sustainable value for company shareholders

Malath Strategy



DIGITALISATION
STEWARDSHIP



A BALANCED PRODUCTS
& SERVICES PORTFOLIO



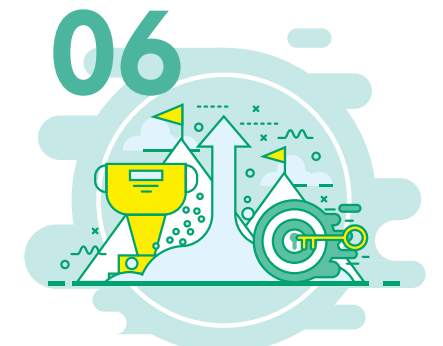
A TRUSTED BRAND WITH
TALENTED PEOPLE



REGIONAL PRESENCE AND
PROFITABILITY GROWTH BALANCE



IMPROVEMENT
IN MEDICAL



GROWTH IN
MOTOR & GENERAL

01

Digitalisation Stewardship

Technology is a key differentiating factor in many industries, including insurance. The pandemic has accelerated digitalization and the adoption of new technologies, increasing the need for best-in-class practices for cyber security and data stewardship.

As a result, Malath is strengthening its digital capabilities to help customers navigate these complex risks, reduce unnecessary complexity and create personalised products that today's tech-savvy customers want and need.

Profound changes, including digital advances, insurance offerings by new, non-traditional providers, and higher customer expectations, are affecting us all.

Malath is ensuring it has the right expertise to succeed, thus making sure that the Company is well-equipped for whatever the future brings.

The customer willingness to switch and the openness of the regulatory framework are favourable factors to consider in joining a digital ecosystem.

As a participant in the motor, health, and property and casualty sectors, Malath Cooperative Insurance recognizes the ever-important need to focus on resilience in today's rapidly expanding world of digital circuit, with new protection gaps to insure given the proliferation of new technologies across industries in adopting new digital solutions, looking to upgrade its digital capabilities determined by the strength of the 3rd parties, partners, market competitors the Company participates in.

The Company's vision is to shift from simple digital marketplaces to more complex scopes that cross cross-sector boundaries.

The dynamic reallocator will be worth twice as much as its less agile counterpart - a divide likely to increase an accelerating digital dimension.

The Company is committed to being transparent about data management, protection, and its privacy policy, as this is a critical factor for customer trust.

During the year in review, the Company invested in its digital capabilities to respond to the needs of its customers in order to remain their provider of choice.

At the core of Malath's digital journey is a combination of in-house developments and strategic partnerships, giving the flexibility and

scale to transform the business and clients truly.

By accelerating the use of technology and data in our industry, we bring thousands more people within the insurance safety net.

Malath is also harnessing digitalization to remove any unnecessary complexity in dealing with customers.

02

Malath Strategy (continued)

A Balanced Products & Services Portfolio

Malath's business is balanced both geographically and by products and customer segments. The flexible operating model means the Company can weather economic and market volatility and take advantage of industry change.

The Company's products and services are available to customers with a focus on excellent customer service through many channels: directly, through employee benefits consultants, via brokers, and in cooperation with third parties, including banks, travel providers, and car dealerships. During the year in review the company offer the following products to diversify the current portfolio:

- ✦ Construction Warranty Insurance
- ✦ Boiler & Pressure Vessel Insurance
- ✦ Contractor's All Risks
- ✦ Contractor's Plant & Machinery Insurance
- ✦ Deterioration of Stock

- In Cold Storage
- ✦ Electronic Equipment Insurance
- ✦ Erection All Risks Insurance
- ✦ Loss of Profit Machinery Breakdown Insurance
- ✦ Machinery Breakdown Insurance
- ✦ Event Cancellation & Liability Insurance
- ✦ Political Violence Insurance
- ✦ Inherent Defects Insurance
- ✦ Medical Malpractice
- ✦ General Third Party Liability
- ✦ Products Liability
- ✦ Contractual Liability Insurance
- ✦ Workmen's Compensation & Employers Liability
- ✦ Drones (UAS) Operators Liability
- ✦ Professional Indemnity
- ✦ Directors & Officers Liability
- ✦ Goods In Transit (Single Transit)
- ✦ Marine Cargo Policy
- ✦ Marine Open Cover
- ✦ Marine Cargo Open Policy
- ✦ Haulier's Liability - 'All Risks'
- ✦ Haulier's Liability Insurance - 'Road Risks on Restricted Perils'
- ✦ Inland Marine Open Policy - 'All Risks'
- ✦ Inland Marine Open Policy - 'Road Risks on Restricted Perils'
- ✦ Cooperative Health Insurance Policy

- ✦ Group Life Insurance
- ✦ Visitors Health Insurance
- ✦ Group Credit Life Product
- ✦ Group Health (non CCHI)
- ✦ Premium Residency - Unique Iqama
- ✦ Tourist Visa Insurance
- ✦ Fidelity Guarantee Insurance
- ✦ Money Insurance
- ✦ Glass Insurance
- ✦ Burglary Insurance Product
- ✦ Group Personal Accident
- ✦ Individual Personal Accident
- ✦ Travel Insurance Product
- ✦ Third Party Liability Motor Insurance
- ✦ Comprehensive Motor Insurance
- ✦ Motor Own Damage Insurance
- ✦ Business Interruption (Accidental Damage) Insurance Policy
- ✦ Accidental Damage (Property And Business Interruption) Insurance Policy
- ✦ Property "All Risks" Policy (Material Damage) Insurance Policy
- ✦ Property "All Risks: (Property Damage) Insurance Policy
- ✦ Fire Insurance Policy
- ✦ Consequential Loss (Property Damage) Insurance Policy
- ✦ Home Owners Product



Malath Cooperative Insurance is becoming increasingly aware of the relationship between asset reallocation and value creation, growing more attuned to the role of divestitures as a tool for managing its portfolio and keeping the strategy essential to positioning the Company for long-term growth and profitability, with sizable development on diverse service pipelines and extensive relationships with 3rd parties, minimising disruptions to the other business units and enabling the management to focus on making it worth as much as possible to potential customers.

The Company implements its strategy by remaining true to its purposes and values and plays to its strengths to lay the foundation for success. As a result, Malath has a balanced business with a solid financial position and a trusted brand driven by talented people.

One of the activities that help Malath thrive is developing a divestiture pipeline by screening the Company's portfolio annually and flagging those services that may be worth a long-term strategy - shifting money, talent, and management attention to where they will deliver the most value to the Company - establishing product teams, which are constantly assessing the Company's portfolio for divestiture candidates and are continually thinking through the timing and implementation steps needed to maximise value.

Keeping the business is essential to positioning the Company for long-term growth and profitability. As the competitive insurance landscape evolves, developing a particular interest in streamlining operations with a disciplined approach to divestiture sharpens the strategic focus on the core. It creates nearly twice as

much value for Malath's shareholders. A good example of effective divestiture is that since 2018, Malath has divested operations and used the capital raised and the management resources released to transform itself from a traditional Motor insurer company into one of the top five leading insurers in Health and to set strategic goals and steps toward leading the P&C. Malath is successfully simplifying its business and operations, reducing unnecessary complexity to make better use of resources.

Success as a business is vital to those who depend on the Company to pay claims reliably and investors who look to Malath to deliver savings, maximize returns and operate the business responsibly.

03

Malath Strategy (continued)

A Trusted Brand with Talented People

Clients and partners are at the heart of Malath's strategy; the Company achieves its common goals through its human capital. Therefore, delivering on the strategy is a key value driver for the business's financial performance. Malath's HR vision ensures that employees find meaning in their work and have a deep sense of purpose. The Company collaborates in the spirit of "partnering for success," as it believes that doing so will help to realise its full potential.

Malath aims to transform human resources into a more tangible asset; the process seeks to prioritise investment in human resources and to build a different strategy based on the ability to address HR professionals to become drivers

of organisational effectiveness and business strategy referring to the operational concept of the human resources - governing human resources management over the entire employee life cycle - from talent acquisition to subsequent training, and career management path in the organisation.

The process impacts all employees and managers within the organisation, from defining roles to the corporate culture and employee management processes, focusing on cost control and administrative activities. The Company's HR professionals tend to lead talent management efforts by improving productivity, increasing quality, managing knowledge, implementing change, partic-



ipating in developing business streams, and enhancing the ability of the organisation to execute strategies.

Human capital is Malath's baseline for talent management and determines the organisation's ability to be competitive for many years. Understanding the customers' risks, Malath can structure offerings that meet their needs. This reinforces the brand, which, together with a strong reputation, allows it to attract the best talent. Part of the Company's plan is to reskill the large segments of its workforce in the years ahead - creating training programs and focusing on long-term reskilling efforts, coupled with the eLearning academic program hosting more than 1500 courses in its library, designed to help anyone from the Company to keep advancing their career. In addition, Malath academy

also has many workshops, and cyber security awareness or anti-money laundering workshops are mandatory for all staff. In particular, in 2022, 280 hours were spent on technical and soft skills training.

Malath accounts for unique features such as determining women empowerment with the achievement of 25% female employees in total and comprehensive support towards parental compensation of 500 SAR/month (parental allowance).

The Company uses agile processes and systems that enable more excellent connectivity to prioritise talent and performance, employee engagement, shaping company culture, and understanding business needs. These changes have significant implications for how human capital should be managed and how

HR functions should operate. In response, Malath focuses on redesigning work attributes, relocating workforces, and improving work processes. In addition, it emphasises strategic talent management, where HR functions pay attention to basic administration and compliance with rules, laws, and regulations.

The in-built belief is that people drive the business, and that these people should propel their careers. Malath empowers employees to take charge of their upskilling and reskilling and the direction of their careers. By investing in their people, the Company can ensure they attract and retain the best talent.

04

Malath Strategy (continued)

Regional Presence and Profitability Growth Balance

Being a trusted and recognized national leader in insurance, Malath engages meaningfully with members and communities throughout Saudi Arabia.

Across the Kingdom, stakeholders have a voice in shaping the Motor and Insurance strategy, determining priorities, implementing actions, promoting the results, and harnessing the benefits. In this way, the Company has both regional resonance and national impact. Geographic and other distinctions have led to increased profitability growth. The general point is assessing the national and local level at which scale is most

tied to profitability. Doing so fosters flexibility by helping Malath adapt ideas about regional strategies to different geographic levels of analysis.

Most of the Company's growth is driven by the momentum of the subsegments in which it operates. Focusing on products, channels, customers, or geographies that are growing at rates above the industry average, leads the Company to higher growth potential.

Malath Cooperative Insurance continues to achieve balanced, steady business growth and value across all channels through cus-



tomers-centric strategies and effective compliance and risk management. Being capable of offering a broader base of services, and business streams, implementing a diversified portfolio, presenting a coherent brand, and communicating with one voice in all regions in Saudi will lead Malath to become the chosen Insurer of KSA.

Malath works to transform the value it offers through intelligent, digitally enabled operations and processes at every touchpoint.

The Company aims to take a future-ready approach and re-think how work gets done across processes that involve profitability growth balance and regional presence.

05

Malath Strategy (continued)

Improvement in Medical

Malath provides Group Medical Insurance program is designed to fit the needs of different business enterprises from Small to Medium to Large Corporates.

The SME scheme was developed in a manner that guarantees speed, easy access and a wide choice of different plans that meets enterprises' budget need, while maintaining the same level of services and access to medical facilities across the Kingdom.

Corporate business for larger group schemes offers more customization that suit the nature of risk and expectations associated with their size of business geographical presence.

Irrespective of the entity's size, Malath membership offers a wide array of advantages, to name a few:

- ✦ Instant quotation and policy issuance for SME
- ✦ Membership application for easier outreach and self service
- ✦ Policyholder self service group management
- ✦ SMS informative communication including approvals
- ✦ 24/7 all week support
- ✦ Access to more than 1,000 facilities across the Kingdom
- ✦ Global Emergency Service (SOS)
- ✦ Elective Second Opinion Abroad for major illnesses

Malath also serves individuals visit Saudi Arabia on Tourist, Business, and Visit Visas in line with CHI's emergency cover program.

In 2022, Malath joined forces with CCHI among other selected Insurance Companies to provide Medical protection for tourist visiting Saudi for Qatar 2022 World Cup under the Hayya Visa.

Business has seen a growth of 30% during 2022 in Medical business, reflecting the trust Malath has built among its clients and business partners as a go to insurer for their employees' health benefits.



Malath Strategy (continued)

06

Growth in Motor & General

The growth in Motor and General strategy aims to build on Malath's significant experience and history of action, evolving to meet customers' changing needs whilst reinforcing the organisation's potential to design and implement integrated, multi-sector policies and programs.

The strategy also identifies areas where the Company should engage its comparative advantage compared to other insurance actors, which may bring better results.

During times of high market competition in the motor segment, Malath proved to be flexible in its perspectives. That said, in all contexts, it emphasises the

importance of multi-sector approaches to address underlying causes and programs to strengthen motor and health segments and build resilience towards Property and Casualty, including Property, Engineering, Miscellaneous, Marine, and Inherent Defect Insurance, encouraging risk-informed programming in all contexts.

Malath Cooperative Insurance operates a vertically-integrated motor insurance line, including a program that provides comprehensive coverage of the insured vehicle and third-party liability insurance. The comprehensive motor insurance policy compensates for up to 10 million SAR.



With regard to compulsory motor insurance policies, compatible with the terms of the Unified Compulsory Motor Insurance Policy regulated by the National Insurance Committee, which monitors and ensures protection to the consumer, Malath participates as a claim centre, uploading vehicle policies to Najm Insurance Services. The scheme has served Malath well and is a key factor behind its motor segment's reliable and reasonable cost and performance.

During the year in review, Malath rolled out a new service, (ZED) For Own Damage car insurance, which is the additional safety layer that gives customers the financial support to get their car back in working condition

in case of an accident. While the law protects car owners with mandatory third-party insurance, one could consider buying their (ZED) For Own Damage insurance for added protection.

In addition, Malath Insurance manages through Najm the "Manafeth" portfolio, which specialises in selling "Third Party Insurance for Non-Saudi Vehicles" to vehicles entering and transiting the Kingdom. The move is in line with the Saudi Central Bank (SAMA) guidelines for improving the quality and efficiency of insurance services and enhancing the sector's economic contribution per Saudi Vision 2030.

Over 2022, the GWP of the Motor portfolio was SAR

354,665 thousand, which is below than the GWP of the last year - SAR 492,450 thousand as the company risk appetite being changed with the high competition on this sector during the said year.

At the same time, the Gross Written Premium of the Property & Casualty portfolio is SAR 84,259 thousand in 2022 compared to the last year, SAR 59,785 thousand.

944^M
Gross Written Premium

Risk Management



Since its establishment, Malath has regarded risk management as an integral part of its operations and business activities.

The Company continuously optimises the risk management framework and standardised risk management procedures and adopts qualitative and quantitative risk management methodologies to identify, evaluate, and mitigate risks.

Malath strives to foster a strong risk management culture backed by an effective governance structure in accordance with the leadership in the field of risk governance. Due to the importance of this role, Malath adopted the plan of three defence lines as a part of the risk governance plan.

Risk Policy

The Company's policy is to monitor business risks through a strategic planning process. Malath continues to strengthen its risk management system, improve its organizational structure, formulate risk management policies and guidelines, standardize risk management procedures, and fulfil risk management responsibilities.

Risk is managed through a process of ongoing identification, measurement and monitoring.

Risk Management Framework

The Board / C-Level

Is responsible for the overall risk management approach and for approving the risk management strategies and principles.

- ⚙ Approves the risk appetite system and its levels.
- ⚙ Identifies the principal risks of the Company business and ensures implementation and monitoring of systems to effectively mitigate these risks.
- ⚙ Implements and ensures that systems are in place to monitor and maintain the integrity of the Company internal controls.
- ⚙ Establishes a framework of risk-taking ability and risk strategy.
- ⚙ Uses risk management information in decision-making procedures.

The Third Line of Defence

Includes the Internal Audit which provides independent assurance to the Board over the design, governance operations and internal control processes.

- ⚙ Conducts independent tests to ensure and verify the efficiency of the facility systems and compliance of work units.
- ⚙ Verifies the framework of risk management.
- ⚙ Verifies the procedures of risk management work according to the designed framework while seeking to develop by finding new opportunities.
- ⚙ Enhances the Company's internal monitoring level.

The Second Line of Defence

Comprises the Compliance and Risk Departments which provide oversight and assess risk management activities carried out by the First Line.

- ⚙ Tests and evaluates risk based on compliance.
- ⚙ Designs and publishes the framework of the risk management framework to all the facilities.
- ⚙ Observes how work units comply with methodologies and risk management.
- ⚙ Submits reports about total risks.

The First Line of Defence

Consists of risk and control owners that are responsible for the end to end management of risks that they own.

- ⚙ Includes control actions into processes.
- ⚙ Compliance with the facility risk framework.
- ⚙ Finds, manages, mitigates and submits periodical reports about potential risks to the risk management department.
- ⚙ Periodically follows up at status meetings.

Risk Management (continued)

Malath aims to ensure that there is no event or a range of events that may cause contrast in the result not in line with its risk endurance ability which means constantly enhancing the efficiency of risk management.

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The Board of Directors ensures that the Company continuously adapts to changes with regard to the regulatory framework and enhances its reputation and trust.

Risk Management and Controls

Malath works continuously to identify and evaluate risks and their controls.

The Company pursues to develop and implement an improved risk management framework that is appropriate to the Company's risk culture and provides a high-level view of the Company's approach to risk management.

In 2022, Malath focused on operational risks and their controls, enhanced risk management activities, and compliance with the regulations of the Saudi Central Bank (SAMA).

Strategic Risk

Strategic risks refer to the risk of a mismatch of strategies between the market environment and the Company's capabilities to achieve the strategic objectives.

With a sound strategic risk management framework and procedures, Malath studies macroeconomic conditions, impacts of the regulatory landscape, and market movements to conduct thorough evaluation and research of the Company's general strategies and development plans.

The Board of Directors ensures that the Company continuously adapts to changes and developments with regard to the regulatory framework and new technology trends and protects and enhances the Company's reputation, brand, and trust.

In 2022, Malath effectively implemented relevant plans in accordance with the strategic risk management rules.



Financial Risk

1. Liquidity Risk

Liquidity risk can occur when raising funds to meet obligations and commitments associated with financial liabilities. The Company's financial liabilities consist of outstanding claims, reinsurance balances amounts due to related parties, and other payables. Malath has a liquidity risk policy that sets out the assessment and determination of what constitutes liquidity risk for the Company.

Thus, ensuring that liquidity requirements are monitored on a monthly basis and that sufficient liquid funds are available to meet any commitments as they arise. To manage the liquidity risk, the Company holds liquid assets compromising cash flows, cash equivalents and investment securities.

2. Credit Risk

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or is entirely eliminated due to the deterioration of the financial condition of the party to whom credit has been extended. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. All Company's underwriting activities are carried out in Saudi Arabia. In managing credit risk, Malath continues to build a sound portfolio through rigorous examinations of each transaction, setting and monitoring credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

To control credit risk for the Company's overall portfolio, Malath uses statistical analysis to reasonably calculate the amount of risk and loss due to worsening conditions in the financial position of credit risk counterparties.

3. Market Risk

Market risk refers to the risk of losses incurred when the market value of invested assets and liabilities declines due to factors such as fluctuations in interest rates, exchange rates or stock prices. To avoid excessive losses from financing and investment transactions, the Company manages market risk by setting and monitoring investment limits for each type of asset and holding purpose as necessary. In doing so, Malath strives to build a portfolio that gives due consideration to the diversification of risk. To control market risk for its overall portfolio, the Company uses statistical analysis to reasonably calculate the amount of risk and loss due to changes in the market environment.

The Company has policies and limits to manage market risk and keep its strategic asset allocation in line with its risk capacity. Malath centrally manages certain asset classes to control aggregation of risk and provides a consistent approach to constructing portfolios and selecting external asset managers.

Risk Management (continued)

Operational Risk

Malath has defined a single framework for identifying, quantifying and monitoring the main operational risks that may arise from a failure in its organization, systems, processes and resources or from external events.

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Malath has adopted BCP defining all risks that can affect the company's operations, making it an important part of the organization's risk management strategy.

Operational risk includes legal risks and excludes risks arising from strategic decisions, as well as reputation risks.

A key objective of the Company's operational risk economic capital model is to understand and reduce losses resulting from operational failures and to define an appropriate risk response strategy for major operational risk scenarios.

Managing operational risks has the goal to balance limiting financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

Technological Risk

Digital and technological advances have created a broad spectrum of societal benefits and amplified the associated risks. As a result, organisations are realigning their operations, forging new third-party relationships, and putting data at the heart of their decision-making and analysis. This is happening rapidly and in an increasingly hostile cyber threat landscape. Therefore,

to succeed, organisations need to assess and understand the risks inherent in this changing environment and ensure the appropriate management.

Regularly, Malath assesses and monitors exposure to defined information security and cyber risk scenarios through key risk indicators to focus on actions and adequate resource allocation effectively. Malath is pursuing strategies that include IT

Malath has also implemented various multi-layered security measures to deal with potential defects, faulty computer system operations, and illicit use. In addition, the Company has put measures in place to counter cyberattacks and related issues.

It is continually working to strengthen these with multi-layered protection and detection measures, thorough education and training

legacy systems transformation and digitalization, such as developing a self-serving device. As a result, the Company may be exposed to technological risks until the newly implemented systems are available. In managing technological risks, Malath sets its safety standards for planning, developing, operating, and using computer systems; conducts related compliance checks; and provides systematic instruction and guidance on appropriate usage

on information security for all executives and employees, cooperation with external expert organisations, promotion of security countermeasures, and others.





Risk Management (continued)

HR Risk

HR risks occur due to the human resource cycle during selection, employee management, and dismissal. HR risk management focuses on the specific risks employees pose to the business. This could involve:

- ✦ Limited experience
- ✦ Unethical behaviour
- ✦ Rotating employees, especially leadership positions
- ✦ Lack of succession planning
- ✦ Inflated labour cost
- ✦ Conflict of interest

The HR department has many responsibilities, including identifying staffing needs, organisational development, recruiting, hiring, onboarding, training, retention, and ensuring a positive employee experience.

Reinsurance Risk

Reinsurance risks refer to the risk that may be faced by the Company in connection with the obligations to be undertaken by reinsurers due to their failure to perform reinsurance contracts.

To address the reinsurance credit risks, the Company adopted the following:

- ✦ Properly setting self-retained risk limits through an effective reinsurance management system, and using reinsurance to transfer risks to reinsurers with a high level of solvency;
- ✦ Reviewing the relevant information of a reinsurer in the reinsurance registration system in strict compliance with the regulatory requirements prior to the execution of a reinsurance contract;
- ✦ Conducting credit assessment on reinsurers through internal rating to select reinsurers that have the higher credit standing to mitigate credit risks.

Relationship Management Risk

Customer relationship management risk refers to the absence of CRM software or a precarious implementation of such a tool in a Company. CRM is a catalyst in the insurance industry growth.

To mitigate the relation management risk, Malath has a CRM system that engages solid business relationships to meet customer demands for better results.

The Company's CRM technology is used to qualify leads, streamline various work functions, satisfy consumers and increase profits.

Alleviating risk, meeting diversity needs, improving financial challenges and employee operations are some of the successes that relationship management risk has brought to the Company.

Sales & Marketing Risk

Sales and marketing risks are the potentials for losses and failures of marketing. This includes risks related to pricing, product development, promotion, distribution, branding, customer experience, and sales. Sales risk may result in sales failures, and it can significantly affect the financial performance of the Company.

To understand and create better sales & marketing risk management, the Company carries out the following activities:

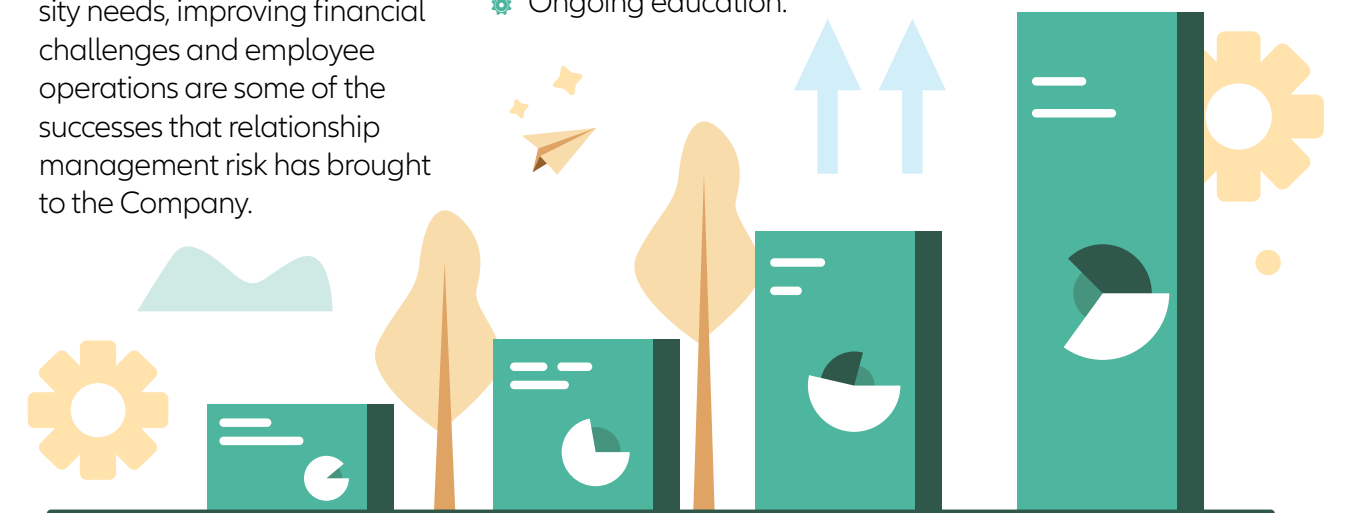
- ✦ Usage of clean data;
- ✦ Cross-functional alignment;
- ✦ Review of performance management;
- ✦ Ongoing education.

Claims Management Risk

Claims management risks may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality, or excessive claims handling costs.

For effective claims management risk, Malath adopted the following best practices:

- ✦ Developing a clear understanding of the customer to set the claims review objective.
- ✦ Fully understanding and accounting for the impact of claims on the insurance program.
- ✦ Choosing claims for review according to objectives.



Risk Management (continued)



Pricing Risk

Pricing risk is the risk resulting from the process by which the Company attempts to determine the appropriate premium price. Hence, the company ensures that competitive risk is provided. Risk exposure in this category includes the following:

- ✦ Offering high prices compared to other types of insurance.
- ✦ The ability of the Company to offer reduced rates due to internal efficiency.

Underwriting Policy Risk

Insurance underwriting risk can give rise to losses when such factors as economic conditions, the incidence of insured events, investment results and operational expenses do not match the predictions made when premiums were set.

An insurance company must fulfil its responsibility to bear the risk it assumes on behalf of customers for long periods extending over many decades.

This requires the setting of reasonable premium rates that enable the stable pay-

ment of insurance claims and an appropriate level of risk control for upholding its coverage responsibilities based on examination and assessment of the various conditions of the insured at the time of insurance underwriting.

Anti-money Laundry & Terrorism Funding Risk

The company is aware that the insurance sector is exposed to money laundering and terrorism funding by different insurance processes, which requires the development of policies and applications regarding the acceptance of any client and the due procedures stipulated in the related regulations. As such, the company has established an internal electronic system to follow up the regulatory requirements.

Regulatory Requirements & Legal Risks

Insurance processes conducted by the company are subjected to supervision and control by the Saudi Central Bank (SAMA) through the cooperative insurance control law and regulation and the Council of Health Insurance (CCHI) executive regulation regarding health insurance products.

These regulations not only require obtaining approvals and monitoring 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.

Generally, regulation and supervision of insurance are particularly directed to the insurer's interest and investors; hence, Malath is continuously working on developing its internal systems to meet the advanced regulatory requirements.

Products Risk

Product risk is the risk related to changes in one of the existing products to meet the client's needs and to make the product more marketable in a competitive environment. These changes may affect

the coverage of the product and its requirements causing this risk. There is an exposure to risk in this category due to the fact that safety is involved in developing new insurance products and also settling for existing products.

Legal Controls Risk

Malath conducts its business in accordance with the Cooperative Insurance Companies Control Law and its implementing regulations in force in the Kingdom of Saudi Arabia.

Malath is continuously working on developing its internal systems to meet the regulatory advanced requirements and conducts its business in accordance with the law.



Risk Management (continued)

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The Company seeks to create innovative methods for sales, claims & providing better services to customers simultaneously with technology developments.

The law defines the framework of insurance companies with regards to business lines, capital and surplus requirements, the size 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 negatively affect the Company's business, financial position and operational results. The business of insurance companies is regulated and monitored by the Saudi Central Bank, which has full authority to take the necessary measures to regulate the sector, including issuing approvals for business permits or modifying them, 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 exposed to fines or penalties, which will negatively and substantially affect its business results, financial performance or sustainability.

Competitiveness Risk

Just like insurance companies in the Kingdom, Malath's activity may be affected by the competitive environment in the Saudi market as a result of the number of licensed insurance companies listed in the market. The total number of insurance companies in 2022 amounted to X insurance companies distributed all over the Kingdom; in addition, permitting foreign companies to open branches within the Kingdom of Saudi Arabia, leading to a strong competitive environment that may affect the Company's activity and future opportunities. Also, the weakness of advertising campaigns may give a chance for other competitors to raise their market share, being close in the customer's mind. As a result, the Company sought to expand sales channels, including E-sales, allowing all citizens and residents to benefit from these services easily. The Company aims to create innovative methods for sales and claims, and

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The ability to achieve satisfactory investment returns in the current economic circumstances

provide better customer services simultaneously with technology developments and customer requirements.

The financial results of Malath partially depend on its investment performance. Accordingly, the Company's profitability may be affected by the increase and decrease of investment returns from time to time due to circumstances and risks that affect such investments and market fluctuations, global and domestic affairs. During the year in review, Malath felt a contrast in investment values due to frequent changes on SIBOR. However, the risk threat has been reduced due to a balanced investment portfolio. The Company tends to diversify its investments and select the best investment tools concerning its investment plans and potential risks.

Applying IFRS 17

Malath is finalising the implementation of IFRS 17 and IFRS 9 accounting standards, two of the most significant changes to global financial reporting in recent history. The Company's focus now is to fully assess the dynamics of financial performance and metrics under the new standards and educate their key

stakeholders in anticipation of reporting under the new rules in 2023. These changes aim to improve the comparison process and upgrade the transparency level, in addition to providing financial data users with the required information to evaluate the impact of insurance contracts on the insurance Company's financial position, performance, cash flow, and risk exposure. With the preparation for applying to IFRS 17 and IFRS 9, talent shortage remains one of the Company's main challenges. The rising need for experts in the field of insurance to cope with the requirements puts challenges on the Company as a whole and on the internal audit department to hire competent and professional staff.

Business Continuity Management

The main objective of the Business Continuity Management System (BCMS) Project at Malath is to minimize the impact of the disruption to the business operations and supporting facilities and to continue performing the business functions of Malath in the event of a disaster. Malath works on activating its emergency plan, which forms part of the Company

risk management system to ensure business continuity and its employees' and clients' safety.

Forward-Looking

As a result of the crisis and what is happening in the market, lessons are being learned and are used in formulating the plan for the upcoming years. Malath aims to start exploring the key macro themes that the Company believes are particularly relevant to insurers and must be responded to fundamentally to thrive in the new reality. The Company embraced the new archetypes combining technology and a flexible workforce, and is planning to have its own fully remote customer call centre department. The Company will continue to assess and monitor exposure to defined technological security and cyber risk scenarios to focus effectively on actions and adequate resource allocation. Malath plans to proactively manage reputation risks, avoid or minimise negative issues impacting the Company's reputation and build trust among all its stakeholders. The Company aims to diversify its portfolio by attracting big, key clients from the region. In addition, Malath will continue to open up to new audiences and continue its digitalization mission to keep pace with industry leaders.

Business Review

From its modest roots in 2007, where Malath was formed as a Saudi Arabian motor insurer, the Company has grown significantly, fast becoming a multi-line insurance company offering motor, health and property and casualty insurance, with a presence across Saudi Arabia and the wider Middle East region.

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Malath constantly evaluates and puts into practice lessons learned from previous experiences to continuously improve its processes and enhance customer experience.

Malath adheres to disciplined underwriting, fair pricing, and a prudent customer service philosophy. These factors have contributed to its ability to earn consistently superior ratings in the insurance industry.

The combination of quality insurance services, a commitment to customer service, and financial stability assures stakeholders that Malath looks beyond risk transfer to satisfying customers' expectations and needs in many ways. The backbone of Malath's initiatives is rec-



ognizing the value of redesigning internal systems and processes, and building intelligent workflows, straightening through the procession and automation to embed exponential technology at every step of the process.

Integrating functions across organisational boundaries empowers its employees and allows customers to be served faster, and get instant policy refunds or claim payouts, further automating and integrating tasks resulting in innovative ideas that convert into business value.

Malath constantly evaluates and puts into practice lessons learned from previous experiences to continuously improve its processes and ultimately enhance the customer experience.

The Company focuses on digitally transforming the front office and developing an omnichannel approach, on improving the customer experience by both streamlining processes with automation as well as providing customized service where needed and preference to interact with customers, focusing on integrating the

Company's systems and platforms to create the ability for insurance agents to have seamless conversations across multiple channels with customers.

Malath's inner focus on gathering data throughout all client-related processes, including purchasing, renewals, and claims, allows the Company to create more personalized insurance policies and experiences even when the interaction is digital.

Malath Cooperative Insurance is a long-term forward thinker, working to build resilient communities around Saudi Arabia - particularly as the effects of Covid-19 continue.

The Company's strategy aims to create value for the Company and for society as a whole. Malath uses its core skills, risk and investment management expertise to address issues and, where possible, measure outcomes for the benefit of its customers, its business and society.

Business Review (continued)

“

Malath harnesses the power of driver data in order to offer more personalised, customer-centric products to its customers.

500M

SAR of fully paid-up capital

Malath does so by offering support and encouraging sustainable improvement in economic, social, and business conditions, connecting values-based insurance services to help strengthen the organisations and supporting individuals.

Part of this long-term vision for Malath is the need to engage with the Sustainable Development Goals to create a resilient future in a way that is best for ecosystems, societies, and economies, including investing in climate resilience, and sectors wherever it is most needed.

MOTOR

The main principle remains a balanced approach between Growth and Profitability whilst protecting its leading position in the motor sector.

Malath takes pride in introducing themselves as one of the leading insurance companies in the Kingdom of Saudi Arabia with a fully paid-up capital of SAR 500 million. The big opportunity for Malath is in harnessing data from vehicles and other sources to more accurately price the risks of insuring drivers.

However, efforts are underway to change this fragmented picture. This will enable the entire industry to benefit from the processing of data at scale to create more accurate and precise traffic services and road hazard warning systems.

Much effort is being expended in order to understand how liability and policies will change. Some are moving faster than others in building the capabilities required to assess this going forward; differentiating and embedding new technologies will become key for insurers to prosper amid this change. Clearly, Malath will harness



the power of driver data in order to offer more personalised, customer-centric products to its customers.

Besides affordable premiums and easy renewals, quick claim settlement are some of the key features of a private car package insurance policy. Malath comprehensive coverage is optional coverage for customers that help protect their vehicle once paying the selected deductibles.

Comprehensive Car Insurance

Comprehensive coverage helps cover any cost of damage to customers and third-party vehicles when

involved in an accident. By opting for add-ons in car insurance policies, all damage is covered under comprehensive coverage; this includes losses like theft, vandalism, natural weather phenomena or any other damage-causing incident.

Included within any comprehensive coverage of the insured vehicle is third party liability, loss or damage to the vehicle from the risks of accidents, theft, and fire, as per the terms and conditions mentioned in the wording policy.

The comprehensive motor insurance policy compensates up to SAR 10 million for

liability insurance and for the physical damage of the insured vehicle including the blood money and estimated amounts of medical expenses in accordance with the terms and conditions mentioned in policy wording during its validity.

10M

Motor insurance policy compensates up to SAR

Business Review (continued)

One of the advantages of the comprehensive insurance policy of Malath Insurance is coverage and compensation for damages resulting from natural hazards such as hail storms and floods.

Third-Party Car Insurance

A third-party car insurance policy is a mandatory requirement for owning a car in Saudi Arabia.

vehicle can also add some additional services to the policy at additional fees.

It is the most basic car insurance plan and is thus also called Liability Only Car Insurance Policy.

Under this cover, the insurance company is liable to pay for the bodily injuries, permanent disability, temporary disability as well as death of the third party caused by an accident involving the insured's car. This plan also provides coverage for property damage incurred by the third party.

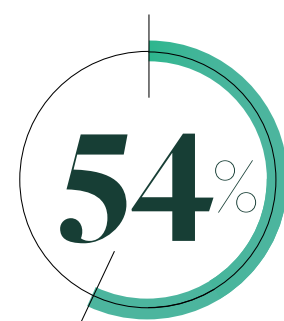
(ZED) For Own Damage

(ZED) For Own Damage Insurance policy is an innovative insurance product, seen as an alternative solution for third-party insurance customers to cover the costs of repair and compensation for the customer's vehicle. It is flexible because it covers the insured vehicle against third parties regardless of the date of issuance of the third-party insurance or from an insurance company. In other words, if the client (whether a client of

The third-party liability insurance policy from Malath insurance covers the damage caused by a private vehicle accident, which is caused by the vehicle owner or driver under the terms and conditions mentioned in the policy up to SAR 10 million for physical damage to third parties, and the estimated amounts of the medical expenses, the blood money and injuries in accordance with the terms and conditions mentioned in the policy wording during its validity. The owner of the

“

Malath is increasingly dependednt on emerging technologies and data sources to drive efficiency, enhance cybersecurity, and expand capabilities across the company.



Health insurance percentage from Total GWP



Malath Insurance or a client of any other Saudi insurance company) has a valid vehicle insurance policy of a third party, he can issue the new insurance policy, "(ZED) For Own Damage." This insurance policy is one of the latest solutions to add an insurance policy for the vehicle that is systematically aligned with a third-party insurance policy.

While the vehicle's third-party insurance policy covers the damages and losses that occur to any party affected by a traffic accident caused by the insured car,

the vehicle owner is not repaired or compensated for any damages to the insured vehicle. As for the (ZED) For Own Damage insurance policy, it is responsible for repairing or paying the insured for any damages to the car only, in addition to "synchronising" with a third-party insurance policy that will compensate the affected parties in the event of any accident caused by the insured vehicle.

The (ZED) For Own Damage Insurance product has contributed to the GWP with more than 600K.

MEDICAL

The Saudi Arabia health insurance market is currently exhibiting strong growth.

The increasing population and diversification of the nation's economy are among the key factors driving Saudi Arabia's health insurance market.

As a result of the growing industrialisation and increasing job opportunities, expatriates from around the globe are migrating to the country, activating the growth of the healthcare and health insurance sectors.

Business Review (continued)

MEDICAL

(Continued)

Health insurance in Saudi Arabia is oriented towards easing the financial stress of having to pay expensive medical bills due to unexpected illness or injury. Additionally, the Saudi Arabian government mandates health coverage for all nationals and non-nationals.

Malath Cooperative Medical Insurance

The Saudi Arabia health insurance market is currently exhibiting strong growth. Expatriates from around the globe are migrating to the country alongside Saudi talents joining the Country's economic transformation. Thus the increasing population and diversification of the nation's economy are among the key factors driving Saudi Arabia's health insurance market

Saudi Arabian regulation mandates private health coverage for all nationals and expats working in the private sector under the governance of the Council of Health Insurance (CHI). The aim is to ease pressure off Public Sector

and ensure workers and their families enjoy an appropriate medical cover.

Malath, like most insurers, relies on the accelerated economic recovery through increase in digital technology innovations and data sources to drive efficiency, enhance cybersecurity, and expand capabilities across the Company. In 2022, Malath continued to adopt its digitalization strategy to boost its operational capabilities and services provided to customers. The Company implements and end to end digital process starting from Sales up till paying claims charged by medical providers

The Company has established itself as a brand name in the Health Insurance Market and is now among the top 5 providers in the industry. Health insurance accounts around for 53% of the Company's total revenue.

Malath's health care program offer protection for different segments including visiting individuals, SME's and large groups developed to meet client needs in terms of budget, specific needs, outreach and



of course proximity to medical treatment. The comprehensive plans are designed in line with the Council of Health Insurance; in addition to Group programs tailored to meet needs of clients such are Government Institutions who fall outside the CHI's regulations.

The Company continues to work towards better development and advancement and is dedicated to ensuring the highest standards and optimum level of services.

P&C

P&C insurance isn't a single type of insurance. It's an umbrella term that describes many types of insurance policies, including but not limited to Property all risk, Engineering, Marine, Miscellaneous Accident and Inherent Defects Insurance with its various sub classes of Insurance within. Businesses owner of the company can purchase property and casualty insurance as per their requirements in which they an indemnifies against losses from specific contingencies or perils. It helps to protect the Insured person or their families against financial loss.

Property and casualty insurance can also be purchased by an individual to protect their personal assets from damage or depletion as a result of a third-party liability claim.

Malath's Property & Casualty insurance covers a broad range of products and services designed for our individual and business clients:

- ✦ Property All Risk Insurance
- ✦ Business Interruption / Loss of Profit insurance
- ✦ Engineering Insurance
- ✦ Miscellaneous Insurance
- ✦ Marine Insurance
- ✦ Inherent Defect Insurance
- ✦ Liability Insurance
- ✦ Speciality Lines Insurance

Business Review (continued)

P&C (Continued)

Malath provides tailored coverage programs against Miscellaneous Accidents/Liabilities Insurance and Speciality Lines Insurance through customised solutions and offers various policies, which are comprehensive in coverage to cater to ever-increasing exposures.

The Company offers the following but not limited to insurance plans under Miscellaneous Accidents/Liabilities Insurance and Speciality Lines Insurance:

- ✿ Personal Accident Insurance
- ✿ Money Insurance in transit/in safes
- ✿ Fidelity Guarantee Insurance
- ✿ Burglary insurance
- ✿ Plate Glass Insurance
- ✿ International travel insurance
- ✿ Comprehensive General Third Party Liability Insurance
- ✿ Public Liability Insurance
- ✿ Product Liability Insurance
- ✿ Workmen Compensation and Employers' Liability Insurance
- ✿ Medical Malpractice Insurance
- ✿ Design & Construction Liability Insurance
- ✿ Professional Indemnity insurance
- ✿ Directors & Officers Liability insurance
- ✿ Event Liability Insurance
- ✿ Political Violence / Sabotage & Terrorism Insurance
- ✿ Drone Insurance

Malath Cooperative Insurance company is the Pool Leader and sole Insurance company in KSA market to provides Inherent Defects Insurance coverage in accordance with the decision of the Saudi council of ministers No. 509 of 09/21/1439 AH which obligates contractors to have Inherent Defects Insurance for all non-governmental sector projects.

Inherent Defects Insurance covers defects in the structural works or the envelope weakening the strength and steadiness or stability of the

Premises that is attributable to a fault, error or omission in design, materials, geological investigation, or construction which was undiscovered at the date of issue of the Occupancy Certificate.

Malath compensates the insured against the cost of repairing, replacing, and/or strengthening the Premises following and consequently upon an Inherent Defect which is discovered and is notified to the Insurer during the Period of Insurance of 10 years causing any of the following events:

- a. Physical damage to the Premises.
- b. The threat of imminent collapse to the Premises requires immediate remedial measures for the prevention of an actual collapse within the period of insurance.

Malath markets commercial and personal lines Property & Casualty insurance products that are tailored to the risks and coverages required by the insured.

The Company helps its customers to protect themselves

from risks. Freed from these risks, individuals and families can flourish and businesses can grow and prosper. Malath is generating revenue from activities and services that aim to mitigate customers' risks.

Malath invests their payments in high-quality assets to allow them to pay claims and financial returns on savings and investment plans.

Malath's goal is to become the chosen Insurer in the Kingdom and will continue to focus on profitability while enhancing capabilities.

Malath's goal is to become the chosen Insurer in the Kingdom



Business Review (continued)

Prospects for 2023

The Malath brand is strong and reinforces the Company's reputation for being able to understand the risks its customers face and to structure offerings that meet their unique needs.

Malath's brand and reputation help it to continue to attract the most talented people in the industry, thus, allowing the Company to focus on improving customer satisfaction and retention rates.

In 2023 the Company will continue to maintain its position and reputation as a business and employer of choice.

Malath's strategy is set to deliver a long-term competitive advantage and focuses on profitability and consolidating the Company's position as a leading underwriter for Motor, Health insurance and as a competitor in the general segment.

At an operating level, Malath Co-operative Insurance will continue to reduce complexity and improve liability, in addition to continuing to enhance technical excellence and strengthen its go-to-market approach for commercial customers.

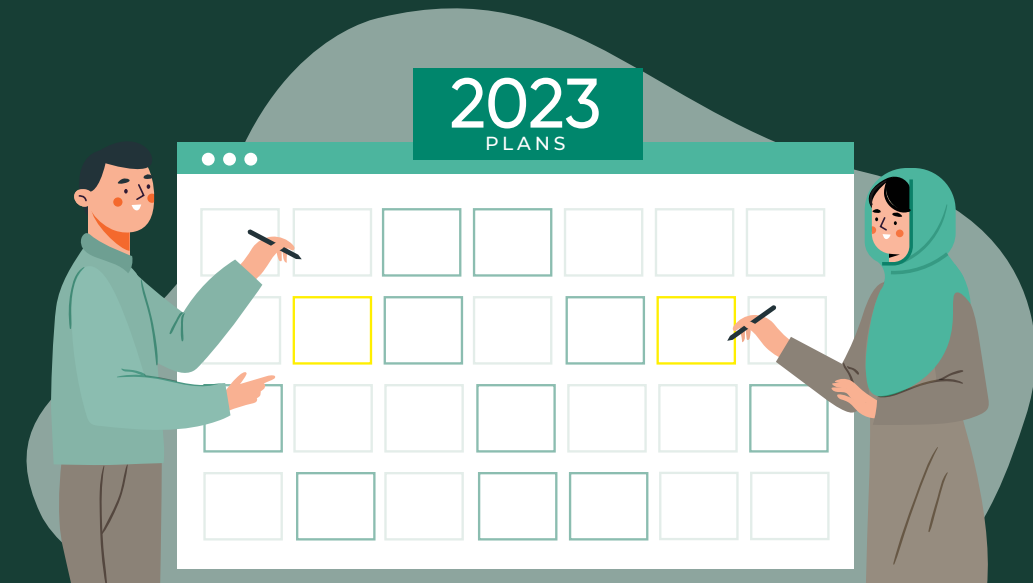
Developments planned for 2023 and beyond:

Malath expects to restore its profitability levels in line with its Profitability Growth Balance approach.

Diversified portfolio.

Regional presence.

Digitalisation Leadership to remain at the heart of Malath's development (the Company continues to lead the market in digital transformation through its strong presence in all LOBs at all fronts, including service, sales outreach and integration with regulatory/operations vendors).



Investment in Human Capital and attract more Saudi talent at managerial level through training workshops focused on leadership values.

Building Malath's medical brand

Expanding SME Sales network.

Staying ahead of the competition in terms of services.

Expand e-sales solutions (kiosks, E-branches, aggregators).

Develop SME and retail products.

Financial Performance 2022

Geographical Analysis of the Company GWP

All amounts are in Saudi Riyals (SR 000) unless otherwise stated

| | 2022 | 2021 |
|-------------|---------|---------|
| Region | GWP | GWP |
| CRO | 460,580 | 415,164 |
| ERO | 141,851 | 141,888 |
| WRO | 81,005 | 125,507 |
| Head Office | 11,883 | 8,565 |
| E-Sales | 249,057 | 250,981 |
| Total | 944,376 | 942,107 |

Financial Performance 2022 (continued)

Business Results Comparison

For the year ended 31 December 2022

| Description | 2018 | 2019 |
|--|----------------|----------------|
| Revenues: | | |
| Total underwritten insurance premiums | 729,076 | 835,236 |
| Deduct: Issued reinsurance premiums: | (69,718) | (70,420) |
| Excess of loss expenses | (20,508) | (17,278) |
| Net underwritten insurance premiums | 638,850 | 747,538 |
| Change in unearned insurance premiums | (47,500) | (83,178) |
| Net earned insurance premiums | 591,350 | 664,360 |
| Reinsurance commission | 15,736 | 17,786 |
| Investment income and other revenues | 21,662 | 31,549 |
| Total revenues | 628,748 | 713,695 |
| Costs and expenses: | | |
| Total paid claims | 606,774 | 558,429 |
| Deduct: Insurance replicators share | (82,624) | (29,217) |
| Net paid claims | 524,150 | 529,212 |
| Change in claims under settlement | (119,165) | (22,442) |
| Net incurred claims | 404,985 | 506,770 |
| Insurance documents underwriting costs | 77,336 | 71,602 |
| Assets non-conformity reserve | - | - |
| Provision/ (opposite) doubtful collective debts | 11,532 | (1,075) |
| Operational and administrative salaries | 71,879 | 71,151 |
| Other general and administrative expenses | 46,030 | 45,882 |
| Total costs and expenses | 611,762 | 694,330 |
| Surplus net/ year (deficit) before Zakat | 16,986 | 19,365 |
| Zakat expense added on the period | (13,000) | (13,183) |
| Net surplus converted to document holders | (1,356) | (1,000) |
| Surplus net / (deficit) converted to shareholder operation list | 2,630 | 5,182 |

All amounts are in Saudi Riyals (SR 000) unless otherwise stated

| 2020 | 2021 | 2022 |
|----------------|-----------------|-----------------|
| 781,568 | 942,107 | 944,376 |
| (59,770) | (50,463) | (70,567) |
| (18,890) | (14,257) | (16,130) |
| 702,908 | 877,387 | 857,679 |
| 17,085 | (98,675) | 12,393 |
| 719,993 | 778,712 | 870,072 |
| 15,052 | 8,322 | 13,768 |
| 63,567 | 41,939 | 76,098 |
| 798,612 | 828,973 | 959,938 |
| 600,381 | (733,914) | (760,989) |
| (47,653) | 16,848 | 13,052 |
| 552,728 | (717,066) | (747,937) |
| 28,709 | (29,818) | 2,443 |
| 581,437 | (687,248) | (745,494) |
| 78,930 | (65,830) | (71,538) |
| - | - | - |
| 3,187 | (7,046) | (481) |
| 75,695 | (75,150) | (82,502) |
| 36,689 | (45,546) | (51,115) |
| 775,938 | 880,820 | (977,965) |
| 22,673 | (72,850) | (18,027) |
| (15,125) | (12,810) | (10,288) |
| - | - | - |
| 7,548 | (85,660) | (28,315) |

Financial Performance 2022 (continued)

Asset and Deductible Comparison

For the year ended 31 December 2022

| Description | 2018 | 2019 |
|---|------------------|------------------|
| Insurance process assets: | | |
| Cash and cash equivalent | 66,352 | 98,970 |
| Murabha deposit | 365,349 | 360,000 |
| Available for sale investments | 3,322 | 3,372 |
| Investments retained for due date | - | - |
| Net accounts Receivable | 162,966 | 183,834 |
| Other assets | 157,411 | 232,681 |
| Total insurance process assets | 755,400 | 878,857 |
| Shareholders assets: | | |
| Cash and cash equivalent | 47,791 | 71,300 |
| Short-term investments | 313,000 | 280,000 |
| Available for sale investments | 32,299 | 32,815 |
| Other assets | 97,239 | 117,234 |
| Total shareholder assets: | 490,329 | 501,349 |
| Total assets | 1,245,729 | 1,380,206 |
| Insurance process liabilities: | | |
| Re insurance payable | 5,266 | 11,248 |
| Technical reserves | 571,343 | 692,729 |
| Other liabilities | 178,791 | 174,880 |
| Total insurance process liabilities | 755,400 | 878,857 |
| Shareholder rights and liabilities: | | |
| Shareholders liabilities | 35,907 | 40,880 |
| Shareholders residual interest | 454,422 | 460,469 |
| Total Shareholders liabilities | 490,329 | 501,349 |
| Total Shareholders residual interest and liabilities | 1,245,729 | 1,380,206 |

All amounts are in Saudi Riyals (SR 000) unless otherwise stated

| 2020 | 2021 | 2022 |
|------------------|------------------|------------------|
| | | |
| 203,466 | 207,819 | 240,746 |
| 165,284 | 129,113 | 133,858 |
| 53,976 | 61,498 | 55,264 |
| 10,000 | 10,000 | 14,855 |
| 200,224 | 218,884 | 246,395 |
| 180,763 | 209,898 | 305,054 |
| 813,713 | 837,212 | 996,172 |
| | | |
| 356,604 | 271,562 | 101,524 |
| - | - | 21,268 |
| 62,582 | 100,128 | 103,269 |
| 80,376 | 127,872 | 149,882 |
| 499,562 | 410,324 | 375,943 |
| 1,313,275 | 1,247,536 | 1,372,115 |
| | | |
| 6,840 | 25,809 | 38,973 |
| 670,518 | 732,076 | 753,392 |
| 136,355 | 79,327 | 206,255 |
| 813,713 | 837,212 | 998,620 |
| | | |
| 31,506 | 29,460 | 37,045 |
| 468,056 | 380,864 | 336,450 |
| 499,562 | 837,212 | 998,620 |
| 1,313,275 | 1,247,536 | 1,372,115 |

Malath Sustainability



Sustainability Approach

Finding meaning by giving back to the community is at the heart of Malath's culture. Contribution is a mindset that enables the Company to devote part of its life to helping others. There's always a greater purpose that drives the Company's actions related to corporate social responsibility (CSR) as an integrated part of Malath's strategy.

The aim is to create sustainable value for all stakeholders, to ensure that Malath meets and exceeds the goals embodied by its purpose, values, and code of conduct. The Company has always adhered to the core belief that people are central to the insurance industry.

Building a strategy aimed at producing sustainable value for its customers, employees, shareholders, and the communities in which they live and work. Malath focuses its com-

mitment on innovation, with the main goal of improving the quality of life of its customers and promoting wellbeing. Since its establishment, Malath Cooperative Insurance has been dedicated to creating social benefits for policyholders, shareholders, employees, and society in order to become one of the most reliable and competitive cooperative insurance companies in Saudi Arabia.

The main driver of CSR development is transitioning the company objectives into a responsible business entity by tending to the expectations of social, and environmental responsibility. Malath provides practical direction to help drive its global approach and local initiatives across the region.

Malath is committed to social responsibility and environmentally sustainable growth. The Company recognizes the urgency to positively impact the . As a responsible company,

“ Malath is working to ensure its corporate strategy drives implementation and continuous improvement across the Company.

Malath is constantly working towards conservation, ecological balance, and better use of natural resources.

CSR Management

Strong corporate governance is pivotal to Malath's sustainability approach and is identified by the stakeholders as one of its most important material issues. The Corporate Responsibility function is responsible for the strategic framework that drives all company-wide sustainability activities.

Its scope includes managing corporate governance, fulfilling external reporting and rating requirements, and supporting internal entities to effectively integrate the Company's strategic sustainability approach and policies into their business processes.

Malath is working to ensure its corporate strategy drives implementation and continu-

ous improvement across the Company. Malath Cooperative Insurance aims to lead the industry by embedding strong corporate social responsibility standards into its everyday decision-making across the insurance sector.

Its approach integrates corporate responsibility concerns by applying company-wide corporate rules and CSR instruments across all of its underwriting, investment, and asset management activities. As part of management operations, the responsibilities placed on the company are in line with the times.

These range from product quality and safety, and measures to address environmental issues against compliance, information security, employee rights, labour man-

agement, and even to supply chain management as well as in business operations and the demand from customers to meet certain criteria in terms of consideration paid to the environment and society. In order to ensure that the Company conducts its business in a fair and honest manner, and, that the products and services comply with the laws and regulations of the country, Malath reiterates the following fundamental and universal corporate social responsibilities:

- ✦ Practice fair and free competition, and ensure transparency in business transactions.
- ✦ Ensure thoroughness in managing information, prevent information leaks, and protect personal information.

Malath Sustainability (continued)

- ✱ Prevent corruption in all its forms including bribery.
- ✱ Disclose relevant and accurate corporate information.
- ✱ Respect fundamental human rights and prohibit discrimination, harassment, and violence.
- ✱ Prevent excessive overtime work and grant appropriate holidays.
- ✱ Ensure occupational health and safety, and prevent occupational injuries.

Managing Our Environmental Impacts

As part of the Company's commitment towards aligning with the Kingdom's Vision 2030, with reference to a more developed, sustained environment, Malath aims to reduce the environmental impact of its operational activities. The Company wants to create sustainable value for its stakeholders, customers, employees, shareholders, and communities by proactively addressing relevant environmental issues. Through its sustainable actions, Malath develops and monitors products and services that create social value by improving people's lives or delivering a positive environmental or climate-related impact.

Company-wide activities for managing environmental impacts:

- ✱ Using recycled paper;
- ✱ Encouraging staff to use less paper;
- ✱ Using recycling containers.
- ✱ Spreading awareness between staff about the environmental impacts.
- ✱ Turning off all the lights and power daily after 6 PM.
- ✱ Printing less paper by using scanned codes instead of the signature in specific documents.

Responsible Customer Relations

Malath maintains an ongoing level of engagement with key customers. The customer relations strategy helps the Company in building trust with clients and protecting the brand by maintaining a positive image.

Malath's approach is based on excellent communication skills in its field area and maintaining the core values of the organisation. The Company conducts quality assurance surveys to determine customer satisfaction and use the findings to improve on areas of complaint. Responsible customer relations involves practising constant execution for its customers, while outper-

forming the competition. To continue to achieve this, Malath aims to understand its customers' emerging needs and adapt its business accordingly.

Customer feedback enables the Company to do this by evolving its products, services, and processes and offering easy and adaptable solutions. In addition to customer surveys, complaints are an important source of feedback, which are closely analysed to identify potential improvements. Identifying areas of improvement will help to create innovative solutions to exceed the customers' expectations. Meeting customers' needs and protecting their information is central to Malath's activity.

All customers rightly expect their personal information to be treated with the utmost care and the Company takes this responsibility seriously.

Malath ensures robust privacy controls to give its customers peace of mind that their personal information is safe and secure. Malath Cooperative Insurance wants to radically simplify and digitalize its products and processes, thus ensuring that what is provided is relevant and carries superior value through excellent, superior and caring customer service.



Talent Development

The Company fosters a working environment where both people and performance matter. Understanding what the transition to a more digital world means for the business and its people is a strategic priority. With workforce planning (Table 2.1), Malath is laying the foundations to understand what skills and capabilities are needed at the Company in the future. With this baseline, Malath will be able to upskill its employees by offering a variety of learning paths within a unique continuous professional development plan, ensuring all employees continuously develop their skills and knowledge they need for the future to enable Malath to remain agile

and responsive. The Company uses a wide range of learning and development approaches to develop its people, including on-the-job learning, mentoring and coaching, workshops, peer circles, and digital learning.

Malath Academy has many workshops, such as cyber security awareness and anti-money laundering. One of these is mandatory for all staff. The Company develops a high-quality curriculum and online learning, including 200 courses for new employees with accurate course recommendations based on performance, innovation, and management recommendations, using technology to disseminate knowledge and identify employees' potential and development needs.

Malath is continuously diversifying and optimising its talent standards and systems. Recently, it established its Organization Development team to promote continuous development, a better work environment and sustainability.

Each year, Malath Insurance Cooperative organises talent reviews of key positions. In addition to multiple dimensions, including performance, skill sets, and development potential, the Company also conducts talent assessments including capabilities, behaviour, and personality. All employees, including in-house staff, field staff, and interns, have the right to participate in various forms of training. The Company arranges high-quality online and offline training activities according to the needs of employees.

Malath offers its employees the opportunity to develop skills and take professional certification courses that will reflect on the Company's overall performance. Once completing the professional certification, a financial incentive reward is provided to the employee.

Malath Sustainability (continued)

Service analysis of workforce

| Number of years of service | Male | | | Female | | |
|----------------------------|------|------|------|--------|------|------|
| | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 |
| 0-5 years | 151 | 120 | 129 | 74 | 66 | 67 |
| 6-10 years | 79 | 95 | 102 | 15 | 19 | 23 |
| 11-15 years | 34 | 30 | 22 | 1 | 1 | 0 |
| 15-20 years | 1 | 1 | 0 | 0 | 0 | 0 |
| Over 20 years | 0 | 0 | 0 | 0 | 0 | 0 |

Training programme, participants and time

| Grade | 2022 | 2021 | 2020 |
|----------------------------|------|------|------|
| No. of training programmes | 85 | 70 | 93 |
| Total no. of participants | 316 | 300 | 248 |
| Training days | 70 | 64 | 90 |
| Hours spent on training | 666 | 640 | 280 |
| No. of trained staff | 265 | 230 | 200 |

Training hours for company employees categorized by gender, employee type, and skill type.

| Number of years of service | Number of employees | | | Number of person-hours of training | | |
|----------------------------|---------------------|--------|-------|------------------------------------|--------|-------|
| | Male | Female | Total | Male | Female | Total |
| Mandatory | 90 | 44 | 134 | 170 | 76 | 246 |
| Non-mandatory | 18 | 16 | 34 | 105 | 100 | 205 |
| eLearning | 136 | 125 | 261 | 110 | 105 | 215 |

Training hours by category for company employees in the current year

| | | Senior Management | Middle Management | Other |
|-------------------|--------------|-------------------|-------------------|------------|
| No. of employees | Male | 21 | 31 | 213 |
| | Female | 2 | 7 | 81 |
| | Total | 23 | 38 | 294 |
| Hours of training | Male | 125 | 134 | 191 |
| | Female | 25 | 65 | 126 |
| | Total | 150 | 199 | 317 |

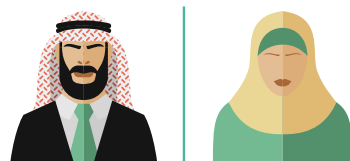
Training hours by skill type for company employees in the current year

| Type | No. of persons trained | Hours training |
|------------------|------------------------|----------------|
| Technical skills | 112 | 280 |
| Soft skills | 138 | 364 |

Malath Sustainability (continued)

Workforce analysis

| | 2022 | 2021 | 2020 |
|------------------------------------|------|------|------|
| Total number of employees | 355 | 332 | 343 |
| % of female employees | 25% | 26% | 26% |
| % of Saudi employees | 72% | 73% | 70% |
| % of total hours spent on training | 35% | 33% | 25% |



75% | 25%

Ratio of employees based on gender

Health and Safety First

Malath believes that protecting its workers' physical and mental health is essential to the Company's sustained operations. Employee health and wellbeing directly impact business success.

The Company aims to provide a productive and health-promoting workplace and enables its employees to foster health and avoid work-related stress.

This benefits the business through reduced absence and higher productivity, as well as improving the employee experience.

The Company continues to implement various actions and initiatives within the business to promote employee health and well-being, such as sending posters and educating the employees about the importance of commitment to the instruction issued by the health ministry regarding COVID-19 protection.

Furthermore, even in the post-pandemic times, when needed, Malath still applies social distancing between employees, making sure that employees wear their face masks at all times, replacing glass cups with plastic ones, isolating employees who had direct contact with an infected person.

Malath Insurance Cooperative strives for Safety First on continuous improvement to achieve excellence in the management of a safe and healthy environment for all workers and visitors to its premises.

Malath's strategy, Safety First, strives to create a culture where everyone takes personal responsibility for the health, safety, and wellness of themselves,

the employees, and others. Safety First recognizes the positive impact and benefits that enhanced health, safety and wellness will bring to its employees and the organization as a whole.

Delivering better health solutions to customers and the underserved communities is one of Malath's business objectives and responsibilities.

Malath is constantly working on further improving health and wellbeing for its employees, especially with regards to work-related stress, which has become one of the key health-related challenges that the current workforce is facing.

The Company systematically addresses the root causes of work-related stress, offering effective solutions and making changes to the work environment that enable employees to realise their full potential.



Malath Sustainability (continued)

Compensation & Benefits

Malath appreciates and recognizes employee dedication and hard work. The company policy is directly tied up with employee satisfaction.

The Malath Employee Assistance Program offers comprehensive services including stress management, occupational mental health, psychological intervention, and healthy living to assist employees in dealing with personal difficulties and staying positive in the workplace and personal lives.

Malath respects and cares for female employees, and provides a parenting allowance of between 1000 and 2500 Riyals for child care under 6 years old.

Malath's list of employee benefits:

- Insurance policy;
- Disability insurance;
- Corporate discounts;
- Paid vacation;
- Paid sick leaves;

- Performance bonus;
- Paid parental leaves;
- Wellness training.

Corporate Governance

Malath's corporate governance system embeds rules, practises, and processes by which the company is directed and controlled. The Company's corporate governance policy involves balancing the objectives and vision of shareholders, senior management executives, in accordance with customers, suppliers, financiers, the government, and the community. During the Reporting Period, the Company disclosed the relevant information in a truthful, accurate, complete, timely and impartial manner in accordance with CMA regulations, making sure that every shareholder had equal chances to obtain and required and requested information.

The Company adheres to the principles of compliance, objectiveness, consistency, timeliness, interactivity and

fairness in providing services proactively, and efficiently to institutional and individual investors domestically and abroad, aimed at improving the understanding between the company and its investors, enhancing corporate governance and realising the fair corporate value of the Company. Malath maximises communication effectiveness with the investors and promotes an understanding of the company's value by organising public presentations, video and telephone conferences.

Information Disclosure and Investor Relation

The Company engages in telephone conferences, roadshows, gatherings of stock market analysts and Investor Days to actively promote itself to the market.

While maintaining good communication with its institutional investors, the Company has also established different channels for communication

with smaller, retail investors, including but not limited to its corporate website, e-mail, and telephone calls, so as to provide better services and protect the interests of the investors.

Moreover, the Company is committed to collecting capital market analyst reports and shareholders' information and pays special attention to the investors' concerns and advice, which is aimed at further enhancing the operation and management of the Company as well as its corporate governance.

The Company also made great efforts in improving its internal workflow and policy formulation so as to provide investors with better services in a more efficient way.

Rights of Shareholders

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at the general meetings on each substantial issue, including the election of individual directors for shareholders' consideration and voting.

All such requisitions are to state clearly the required subjects to be considered and approved at the general meetings and must be signed by the requisitionists and submitted to the Board in writing.

Shareholders should follow the requirements and procedures as set out in the Articles of Association for convening an extraordinary general meeting. Shareholders may send their inquiries or requests in the exercise of such rights to the Company's Investor Relations team.

Shareholders who put forward such inquiries shall provide the Company with the written identification documents pursuant to the Articles of Association.

The Company shall provide the relevant information after having verified the identity of the shareholder.

Salaries and Benefits

| SAR Million | 2022 | 2021 |
|----------------------------------|---------------|---------------|
| Salaries paid | 60,048,618.00 | 57,649,717.00 |
| Benefits paid | 3,062,729.00 | 3,318,007.00 |
| Social security contributions | 4,094,473.00 | 4,201,036.00 |
| Staff insurance | 5,613,926.00 | 5,301,103.00 |
| Bonus | 4,933,103.00 | |
| Other benefits | 4,530,906.00 | 4,555,817.00 |
| Total salaries and benefits paid | 82,283,754.00 | 75,025,680.00 |

Table 3.1

”

Malath continuously optimises the risk management framework, standardises risk management procedures to identify, evaluate and mitigate risks.

Malath Sustainability (continued)

Managing Risk

Malath strives to become a leader in insurance services. To achieve this goal, the Company continuously optimises the risk management system and has developed a risk management platform. By identifying, evaluating, and mitigating risks, Malath has achieved a balance between risks and returns which ultimately contributes to the sustainable growth of the Company.

The Company continued to strengthen its approach to risk management during the year and have further embedded this capability within the business. Its approach is in line with the evolution of the business as a whole and the nature of how risks are evolving globally. Malath has regarded risk management as an integral part of its operations and business



Saudization rate of Malath Insurance

activities. The Company takes steady steps to build an enterprise risk management system aligned with the Company's strategies and the nature of our business. Malath continuously optimises the risk management framework, standardised risk management procedures, and adopts qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks. Keeping risks under control, the Company promotes sustainable business growth and builds Malath Cooperative Insurance into a leading, Saudi insurance company.

Moreover, Malath has formulated a rational and consistent insurance risk management system with mechanisms and processes in place to manage insurance risks.

Malath continues to strengthen its enterprise risk management system, improve its organisational structure, formulate risk management policy and guidelines, standardise procedures for risk management, and fulfil risk management responsibilities, to effectively prevent systemic risks associated with integrated finance, and enhance the overall risk management capabilities under an integrated model of our businesses structure.

Integrity

The Company pays great attention to combating fraud, corruption, commercial corruption, and supervising other business conduct.

Malath has developed systematic internal management rules and procedures covering full-time & part-time employees, including the Employee Interest Conflict Management Policy, the Anti-fraud Procedure, Anti-money Laundering, and Terrorism Funding Management Procedure. Regular training is conducted for employees on a half-yearly basis.

Engagement

Malath recognizes that an engaged workforce performs better, is more committed, and delivers a stronger customer focus.

The Company engages closely with employee representatives to support change implementation, manage impacts on employees, and promote opportunities.

The Company fosters a culture of open dialogue and frequent feedback on all levels, where employees and managers engage in regular exchanges.

”

The Company takes steady steps to build an enterprise risk management system aligned with the Company's strategies and the nature of our business.

Malath formulates its employee code of conduct covering the following aspects:

1. In respect of information management and social media management, employees are required to strictly follow the requirements of customer information security management to actively protect customer information from being leaked.
2. In respect of conflicts of interests, transfer of interests, and management of undisclosed information, employees are required to understand and comply with the Company's rules and regulations on conflicts of interest.
3. In respect of anti-bribery, corruption, and fraud, employees and partners may not engage in any illegal or improper activities in exchange for personal benefits or damage the Company's legitimate economic interests and reputation.

Malath Sustainability (continued)

Engagement (Continued)

Several internal initiatives have been developed to create a happy environment, stimulating creativity and positive participation through several programmes, strengthening the connection and enhancing belonging and loyalty to the Company.

”

Malath embraces a diverse workforce that brings together the best of multiple generations, skill sets and thinking, the aim of which is for employees to feel valued.

Malath engages with employees to build an understanding of privacy requirements, thus ensuring that data privacy knowledge is maintained across the organisation.

The Company continues to work on ensuring compliance with GDPR, functional rules, and privacy guidance to reflect regulatory changes in the industry, and will also continue to facilitate deeper engagement on privacy-related issues across the Company, including through ongoing data privacy training.

Malath embraces and builds a diverse workforce that brings together the best of multiple generations, cultures,

skill sets and thinking, the aim of which is for employees to feel valued from all perspectives. Malath creates meaning for its employees by connecting their work to the core purpose of the Company.

In addition to the Company's focus on gender balance, Malath supports Saudization and a large number of other initiatives from the Kingdom's 2030 vision.

Gender Equality

Malath relies on a diverse workforce to provide a broad range of skills and experience with which it can respond to the challenges and opportunities and meet its customers' needs.

As such, the Company promotes gender equality and inclusion by empowering and developing people based on individual performance and demonstrated potential.

Malath actively supports employee rights and strives to apply core human rights principles based on the United Nations Universal Declaration of Human Rights. Gender equality continues to be a key focus at Malath. Over the



years, the Company has emphasised identifying female professionals for leadership roles, providing development opportunities, increasing flexible work options, and addressing unconscious bias in all its processes.

Malath has a total of 8 female managers, 7 of whom occupy senior management positions.

The Company believes that empowering women and allowing them to participate in the workforce can help them provide for their families and be self-sufficient, thus helping to fight poverty.

No Poverty

Malath uses its role as an employer, insurer, and corporate citizen to contribute to a more inclusive and stronger society.

The Company believes that businesses can only thrive as part of an equitable society. Collective social responsibility has never been so important. Everyone must come together to create and scale a positive social impact through collaboration and engagement, especially on eradicating poverty.

As the Kingdom's 2030 Vision guides the Nation to concentrate its efforts on addressing poverty by working to boost

female participation in the workforce, supporting the reforms of the health and education system, contributing to reducing the national unemployment rate, and incorporating charity actions into the Company strategy.

Malath continues in its efforts to reflect the no poverty goal by taking deliberate actions to support Government initiatives, seeking to support 2030 Vision initiatives in creating a full chain for enablement of those in need. The Company has plans to start offering training and qualification opportunities to enable citizens to enter the labour market.

Malath Sustainability (continued)

Employees by grade and gender

| Grade | Male | | | Female | | |
|-------------------|------|------|------|--------|------|------|
| | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 |
| Senior management | 21 | 26 | 23 | 2 | 1 | 0 |
| Middle management | 31 | 28 | 38 | 7 | 7 | 8 |
| Other | 213 | 192 | 192 | 81 | 78 | 82 |

Male : female salary ratio

| | 2022 | 2021 | 2020 |
|--|------|------|------|
| Male : female salary ratio - senior management | 9% | 4% | 0% |
| Male : female salary ratio - middle management | 19% | 21% | 16% |
| Male : female salary ratio non - management | 31% | 30% | 29% |

Sustainable Cities and Communities

For Malath, sustainability is at the heart of the Company culture. It produces sustainable value for our customers, employees, shareholders and the communities where we live and work. Malath contributes to the development of cities to achieve prosperousness, productiveness, social inclusiveness, and environmental sustainability with sufficient and adequate infrastructure and a high level of quality

of life. In an effort by Malath Insurance to keep pace with initiatives that would achieve sustainability for the population of the Kingdom of Saudi Arabia, and to participate in the **#Let's_Make_Green** initiative, plants are distributed to all offices in order to raise awareness and responsibility by always keeping them green in order to create a healthy working environment and keep up with expectations.

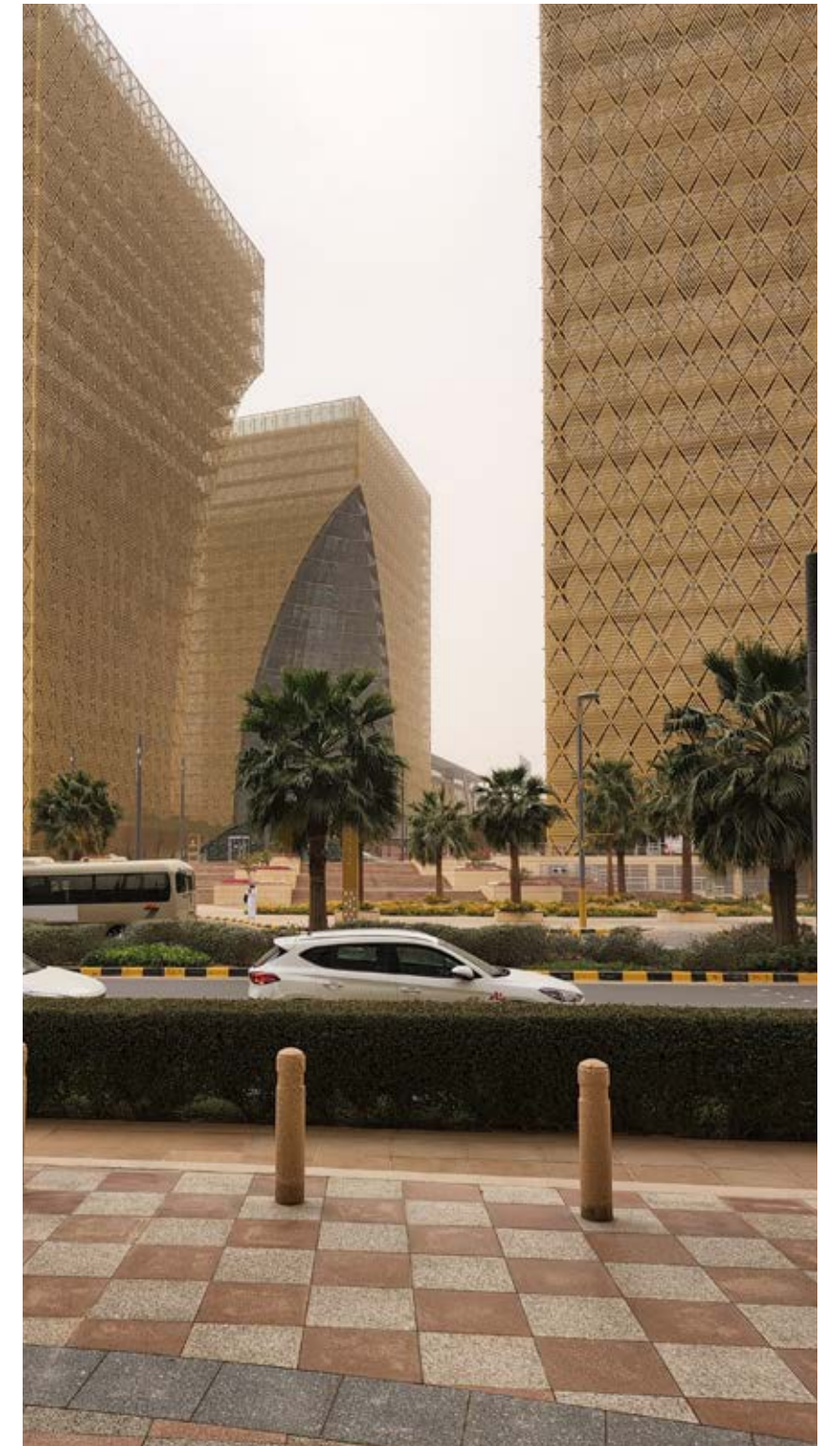
Employees are passionate about reducing the use of sin-

gle-use plastics within Company activities; the company has an agreement with one of the recycling companies to recycle plastic and paper products. Internally, Malath has adopted various initiatives regarding this matter:

- ✦ The Company has stopped purchasing plastic cups in all office locations.
- ✦ Malath is actively working to replace plastic with compostable replacements for cups, cutlery and food containers.
- ✦ Malath promotes the use of refillable water bottles.

It is critical that the Company involves all employees in its environmental initiatives as they will make a difference in improving its environmental performance.

Malath's goal is to encourage more sustainable behaviours and practises not only in the workplace but also in the employees' lives outside of work. On the social responsibility with Jood Aleiskan platform, the company's employees have made a donations by more than SAR 49,000 across 4 human cases.





04

Corporate Governance

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Corporate Governance

Composition of Company's Board of Directors

In accordance with article (15) of the Company's articles of association, the company is governed by an eight-member Board of Directors, elected by the Ordinary General Assembly for a term not exceeding three years, and the composition of the Board of Directors shall reflect appropriate representation from the independent members. Under no

circumstances shall the number of independent board members be less than two members or one-third of the Board of Directors, whichever is greater.

An exception is made for the appointment of the constituent assembly of the members of the first Board of Directors, which was for a period not exceeding (3)

three years starting from the date of the announcement of the Ministry of Commerce and Investment's resolution to incorporate the company.

A Board of Directors was elected for the fifth session, commencing from April 21th, 2022, and continuing for three years at the Ordinary General Assembly held on 20/09/1443 H, correspond-

The following directors were elected:

| # | Director Name | Capacity | Membership Type | | |
|---|------------------------------------|------------------------------------|-----------------|---------------|-----------|
| | | | Independent | Non-Executive | Executive |
| 1 | Mr Mohammed bin Ali Al Ammari | Chairman | | ✓ | |
| 2 | Mr Badr bin Ali Al Ali | Vice-Chairman | | ✓ | |
| 3 | Mr Fawaz bin Abdul Rahman Al-Hajji | Board Member/ Managing Director | | | ✓ |
| 4 | Mr Amr bin Abdul Razzaq Alnemari | Board Member | ✓ | | |
| 5 | Mr Amr bin Abdullah bin Shalhoub | Board Member | ✓ | | |
| 6 | Mr Mamdouh Saud Al Sharhan | Board Member | ✓ | | |
| 7 | Mr Yasser Rashid Al-Rasheed | Board Member | ✓ | | |
| 8 | Mr Abdul Hamid Abdulaziz Al-Ohali | Board Member | ✓ | | |
| 9 | Muhammad Abdullah Al-Jumaa | Board Member | ✓ | | |

ing to 21/04/2022 G. All directors were provided with the company's regulations and rules applicable in KSA.

Main Functions of Board of Directors

Based on the governance regulation issued by the CMA (Articles Nos. 21, 22 and 30) and subject to the terms of reference of the General Assembly, the company Board shall assume all the powers and authorities necessary to manage it, and the final responsibility for the company remains with the Board even if it forms committees or delegates entities or other individuals to carry out some of its work. The Board shall avoid issuing general or unlimited mandates.

The Board exercises the following functions:

- Assuming strategic leadership of the company, developing objectives and drafting strategic plans.

- Supervising the implementation of strategic plans and main operations, identifying the company optimal capital structure, supervising the main capital expenditures, acquiring assets therein, and periodically reviewing and adopting an organisational and functional structure in the company.

- Approving, reviewing and updating main policies and procedures on a regular basis.

- Developing and monitoring the internal control system within the company and ensuring its effectiveness and efficiency.

- Developing and monitoring the company's risk management system to assess, manage and monitor risks on an ongoing basis.

- Selecting and replacing key executives (when required), and ensuring that the company has an

appropriate policy to replace key personnel with a suitable alternative who is qualified to work and who possesses the necessary skills.

- Supervising the senior management and monitoring company performance against the performance goals set by the Board.

- Ensuring integrity and impartiality of submission of reports and financial statements system and the adequacy of the disclosure mechanism.

- Ensuring that the interests of the insured are protected at all times.

- Raising the level and standards of corporate governance and ensuring compliance with the relevant regulations and laws.

- Promoting corporate governance culture and high ethical standards.

Corporate Governance (continued)

Names of companies inside or outside KSA in which a director is a member of its current and previous BOD or management

| Current | | | | | | Previous | | | |
|---------|-------------------------------|---|---------------------|-------------------------------|---|---|---------------------|-------------------------------|---|
| # | Director Name | Names of companies in which the director is a member of its current BOD or management | Inside/ outside KSA | The legal form of the Company | Relationship | Names of companies in which the director is a member of its current BOD or management | Inside/ outside KSA | The legal form of the Company | Relationship |
| 1 | Mr Mohammed bin Ali Al Ammari | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Chairman of the Board | Tabuk Fisheries Company | Inside KSA | Closed Joint Stock Company | Chairman of the Board and Managing Director |
| | | Wattan Investment Company | Inside KSA | Closed Joint Stock Company | Board Member | Wafrah Vegetable Factory | Inside KSA | Listed Joint Stock Company | Chairman of the Board and Managing Director |
| | | Wajeef Insurance Brokerage Services | Inside KSA | Limited Liability Company | Chairman of the Board | Tabuk Cement Company | Inside KSA | Listed Joint Stock Company | Vice Chairman |
| | | | | | | Alalamiya for Cooperative Insurance | Inside KSA | Listed Joint Stock Company | Board Member |
| | | | | | | Jazan Agricultural Development Company | Inside KSA | Listed Joint Stock Company | Board Member |
| | | | | | | Saudi Oryx Financial Leasing Company | Inside KSA | Closed Joint Stock Company | Board Member |
| | | | | | | Al Baha Investment and Development Company | Inside KSA | Listed Joint Stock Company | Board Member |
| | | | | | | Saudi Industrial Export Company | Inside KSA | Listed Joint Stock Company | Board Member |
| | | | | | | | | | |
| 2 | Mr Badr bin Ali Al Ali | National Housing Company | Inside KSA | Listed Joint Stock Company | Chief Executive Officer | Najm | Inside KSA | Closed Joint Stock Company | Chief Executive Officer |
| | | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Vice Chairman | | | | |
| | | National Finance Services Company | Inside KSA | Closed Joint Stock Company | Chief Executive Officer and Member of Executive Committee | | | | |

We hereby shall provide a statement of the following table with the names of the directors who are associated with the management of other companies:

Corporate Governance (continued)

Names of companies inside or outside KSA in which a director is a member of its current and previous BOD or management

| Current | | | | | | Previous | | | |
|---------|---|---|---------------------|-------------------------------|---|---|---------------------|-------------------------------|---|
| # | Director Name | Names of companies in which the director is a member of its current BOD or management | Inside/ outside KSA | The legal form of the Company | Relationship | Names of companies in which the director is a member of its current BOD or management | Inside/ outside KSA | The legal form of the Company | Relationship |
| 3 | Mr Fawaz bin Abdul Rahman Al-Hijji | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member, Chief Executive Officer and Managing Director | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Vice President – Motor Insurance |
| | | Manafez Company | Inside KSA | Closed Joint Stock Company | Board Member | Tawuniya Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Vice President – Motor Insurance |
| | | | | | | Najm | Inside KSA | Closed Joint Stock Company | Board Member |
| 4 | Mr Mamdouh bin Saud Al Sharhan | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member | Nama Chemicals Group | Inside KSA | Listed Joint Stock Company | Board Member and Chairman of the Investment Committee |
| | | Bawabt Mubadala Company | Outside KSA | Listed Joint Stock Company | Vice Chairman | Hail Cement Company | Inside KSA | Listed Joint Stock Company | Board Member |
| | | Itqan Capital Murabaha and Sukok Fund | Inside KSA | Investment Fund | Board Member | Saudi-Korean Company for Maintanace and Property Management -Mumtalakat | Inside KSA | Limited Liability Company | Chairman |
| | | | | | | Saudi Arabia Real Estate Infrastructure & Construction Company (Binyah) | Inside KSA | Closed Joint Stock Company | Audit Committee Member |
| 5 | Mr Amr bin Abdul Razzaq Alnemari | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member | Tawuniya Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Chief Financial Officer |
| | | Sports Boulevard Foundation | Inside KSA | Closed Joint Stock Company | Executive | BAE Systems | Inside KSA | Limited Liability Company | Finance Manager |
| | | | | | | Nas | Inside KSA | Limited Liability Company | Treasury Manager |

We hereby shall provide a statement of the following table with the names of the directors who are associated with the management of other companies:

Corporate Governance (continued)

Names of companies inside or outside KSA in which a director is a member of its current and previous BOD or management

We hereby shall provide a statement of the following table with the names of the directors who are associated with the management of other companies:

| Current | | | | | | Previous | | | |
|---------|---|---|---------------------|-------------------------------|-----------------------|---|---------------------|-------------------------------|-------------------------|
| # | Director Name | Names of companies in which the director is a member of its current BOD or management | Inside/ outside KSA | The legal form of the Company | Relationship | Names of companies in which the director is a member of its current BOD or management | Inside/ outside KSA | The legal form of the Company | Relationship |
| 6 | Mr Amr bin Abdullah bin Shalhoub | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member | | | | |
| | | Executive Offices Company | Inside KSA | Limited Liability Company | Manager of Membership | | | | |
| | | General Authority of Civil Aviation | Inside KSA | Holding Company | Executive | | | | |
| 7 | Mr Yasser bin Rashid Alrasheed | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member | | | | |
| 8 | Abdul-Hamid Abdulaziz Al-Ohali | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member | United Electronics Company (Extra) | Inside KSA | Listed Joint Stock Company | Chief Executive Officer |
| | | Al Yamama Steel Industries | Inside KSA | Listed Joint Stock Company | Board Member | United Electronics Company (Extra) | Inside KSA | Listed Joint Stock Company | Board Member |
| | | Kayan Holding Company | Inside KSA | Limited Liability Company | Board Member | Al Fozan Metals Company | Inside KSA | Closed Joint Stock Company | Chief Executive Officer |
| | | Ajwaad Charity | Inside KSA | Closed Joint Stock Company | Board Member | Al Rajhi Industrial Group | Inside KSA | Closed Joint Stock Company | General Manager |
| | | The Saudi Aquaculture System Factory | Inside KSA | Closed Joint Stock Company | Board Member | Al Rajhi Takaful Insurance | Inside KSA | Joint Stock Company | General Manager |
| 9 | Mohammad Abdullah Al-Jumah | Malath Cooperative Insurance Company | Inside KSA | Listed Joint Stock Company | Board Member | | | | |

Corporate Governance (continued)

Actions taken by BOD to inform the directors especially non-executives of shareholders' proposals and remarks on the company and the performance

The company has a unit specialized in managing shareholder relations concerned with answering all inquiries and complaints or opinions and suggestions of shareholders by communicating by phone or by correspondence via e-mail. The members of

the Board of Directors are informed of the shareholders' communications and observations by submitting summary annual reports that include information related to the shareholders' affairs, the inquiries raised and the measures taken to respond to their

questions in a satisfactory and appropriate manner.

All members of the Board, including non-executives, are informed of the shareholders' proposals and comments regarding the company and its performance.

During 2022, the BOD held seven (7) meetings according to the attendance record shown in the table below:

| # | Name | Membership | 29/03 | 27/04 | 15/09 | 13/11 | 24/11 | 26/12 | 28/12 |
|----|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1 | Mr Mohammed bin Ali Al Ammari | Chairman | ✓ | ✓ | X | ✓ | ✓ | ✓ | ✓ |
| 2 | Mr Badr bin Ali Al Ali | Vice-Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Mr Mamdouh bin Saud Al Sharhan | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Mr Basem bin Abdullah Al Sallom | Director | ✓ | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 5 | Mr Amr bin Abdul Razzaq Alnemari | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 6 | Mr Amr bin Abdullah bin Shalhoub | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 7 | Mr Fawaz bin Abdul Rahman Al-Hajji | MD/CEO | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 8 | Mr Abdulmohsen Mohammed Al Saleh | Director | ✓ | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 9 | Mr Yasser Rasheed Al Rasheed | Director | Not Applicable | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 10 | Mr Abdulhamid Abdulaziz Al Ohali | Director | Not Applicable | ✓ | X | X | ✓ | ✓ | ✓ |
| 11 | Mr Mohammad Abdullah Al-Jumah | Director | Not Applicable | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 12 | Salman bin Naser Alhawawi* | Director | Resigned | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

*Salman bin Naser Alhawawi didn't attend any meeting since he resigned on 17/01/2021

*Membership on the board been expired for Mr Basem Al Sallom, and Mr Abdulmohsin Al Saleh on 21/04/2022.

*Not Applicable mean his membership expired or he was not a member on that time.

Mechanism for communicating with shareholders

- **Phone number:** 0114168222 Ext. 1213
- **E-mail:** investor.relation@malath.com.sa
- **Website:** <https://www.malath.com.sa/ar/investorrelations>
- **PO Box and ZIP Code:** P.O. Box 99763 Riyadh 11625
- **Fax:** 0114168333

Composition of Board Committees

Audit Committee

The Audit Committee shall be responsible for monitoring company activities, and to which end it may have access to the company records and documents and request any clarification or statement from the directors or executive management.

In addition, the Audit Committee may request the Board of Directors to convene the General Assembly of the company if its work has been impeded by the BOD or the company has suffered serious damage or dangers.

- ✦ Supervising the company's Internal Audit Department to ensure its effectiveness in the implementation of its activities and duties determined by the BOD.
- ✦ Reviewing Internal Audit procedures, preparing written reports on this review, and submitting recommendations thereon to the BOD.

- ✦ Reviewing the audit plan submitted by internal and external auditors and making any observations about it.
- ✦ Reviewing the reports of the regulatory control department or regulatory observer and making recommendations thereon.

- ✦ Reviewing reports of the internal audit department or internal auditor and making recommendations to the BOD.
- ✦ Reviewing the comments of SAMA and the related oversight and supervisory bodies regarding any regulatory violations or the required corrective procedures and submitting recommendations about them to the BOD.

- ✦ Reviewing reports of the internal audit department or internal auditor and making recommendations to the BOD.
- ✦ Reviewing the comments of SAMA and the related oversight and supervisory bodies regarding any regulatory violations or the required corrective procedures and submitting recommendations about them to the BOD.

- ✦ Reviewing the comments of SAMA and the related oversight and supervisory bodies regarding any regulatory violations or the required corrective procedures and submitting recommendations about them to the BOD.
- ✦ Reviewing the initial annual financial statement before presenting them to the BOD and expressing an opinion

and recommendations about them.

- ✦ Discussing the audited annual and unaudited quarterly financial statements with external auditors and the senior management of the company before publishing them.

- ✦ Assessing the level of efficiency, effectiveness and subjectivity of external auditors works and managing the Internal Audit Department and the compliance department.

- ✦ Ensuring that there is a written professional code of ethics approved by the company BOD to assure carrying out the company's activities in a fair and ethical manner.

- ✦ Holding a meeting between the Audit Committee and BOD and submitting important reports to the BOD on a regular basis.

Corporate Governance (continued)

The Audit Committee has held eight (8) meetings during the year 2022 to implement the tasks assigned and previously mentioned according to the attendance record below

| # | Name | Membership | Current session - the year 2022 | | | | | | | |
|---|----------------------------------|------------|---------------------------------|-------|-------|-------|-------|-------|-------|-------|
| | | | 01/03 | 15/05 | 31/05 | 14/08 | 29/09 | 02/11 | 15/11 | 24/11 |
| 1 | Mr Amr bin Abdul Razzaq Alnemari | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Mr Saleh Abdulrahman Al Ismaeel | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Mr Saad bin Saud Al Tayyar | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Mr Tariq Mohammed Alshoqiran | Director | Not Applicable | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

*The eighth meeting held with BOD meeting

*Not Applicable mean his membership expired or he was not a member on that time.

Executive Committee

The Executive Committee tasks shall include the following:

- Submitting recommendations to BOD about the strategic and operational plans, budgets and business plans, and taking the respective necessary procedures.
- Making decisions on the issues delegated by the Board of Directors which are beyond the powers of the CEO, including issues related to capital expenditure and procurement within the limits granted by the BOD to the committee.
- Practising the full powers and privileges of the BOD in the cases of failure to

hold a Board of Directors meeting where it is required or justified to take immediate action or decision unless the committee has the authority to make a decision instead of the Board of Directors in any issue where it is prohibited to delegate authorities according to the applicable regulations; the matter that requires the approval of the shareholders of the company or to which one of the other Board of Directors committees is specifically assigned.

- Reviewing the details of the company action strategy and submitting recommendations to the BOD for approval.
- Reviewing the details of the company action plan and the budget, as well as

regularly monitoring the progress in the action plan and the budget.

- Supervising the activities of the company CEO.
- Supporting and assisting the CEO based on the need to treat specific needs or tasks.
- Reviewing the cases of coalition, integration and acquisition, as well as other strategic agreements, and submitting recommendations about them to the BOD for approval.
- Taking any other action or undertaking any other powers and responsibilities which may be appointed or authorised by the BOD from time to time.

Risk Management Committee

The Risk Committee tasks & responsibilities shall include:

- Identifying risks that the company may be exposed to and maintaining the company risk at an acceptable level.
- Identifying standards and scope of the company's ability to accept risks and submitting recommendations about that to the BOD.
- Identifying the inclusive strategy of company risk management and supervising the process of applying, reviewing and updating it annually, taking into account the internal & external developments of the company, including the best global applications.

- Ensuring the availability of the resources and sufficient laws of risk management.
- Reviewing the risk management organisational structure and developing relevant recommendations before the BOD approval.
- Reviewing the issues raised by the Audit Committee that may affect the company's risk management.
- Periodically reviewing the re-insurance assignment of structure and strategy.
- Reviewing the underwriting policies and regulations.
- Assessing and reviewing the company underwriting performance.
- Supervising the company

- risk management system and assessing its efficiency.
- Developing an inclusive strategy of risk management, following up implementing it, reviewing and updating it based on the internal and external changes of the company.
- Reviewing Risk Management Policies.
- Re-assessing the company's ability and exposure to risk periodically (for example, through Endurance Tests).
- Submitting detailed reports to the BOD regarding exposure to risks and suggested steps to manage these risks.

The Executive Committee has held six (6) meetings during the year 2022 to implement the tasks assigned and previously mentioned according to the attendance record below:

| # | Name | Membership | Current session - the year 2022 | | | | | |
|---|------------------------------------|------------|---------------------------------|-------|-------|-------|-------|-------|
| | | | 16/10 | 31/10 | 15/11 | 28/11 | 12/12 | 18/12 |
| 1 | Mr Badr bin Ali Al Ali | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Mr Fawaz bin Abdul Rahman Al-Hajji | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Mr Mohammed bin Ali Al Ammari | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Mr Amr bin Abdullah bin Shalhoub | Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

*Not Applicable mean his membership expired or he was not a member on that time.

Corporate Governance (continued)

The Risk Committee has held four (4) meetings during the year 2022 to implement the tasks assigned and previously mentioned according to the attendance record below

| | | Current session - the year 2022 | | | |
|-------------------------------------|------------|---------------------------------|----------------|----------------|----------------|
| Name | Membership | 29/03 | 27/10 | 25/12 | 29/12 |
| 1 Mr Abdulhamed Abduaziz Alohal | Chairman | Not Applicable | ✓ | ✓ | ✓ |
| 2 Mr Amr bin Abdullah bin Shalhoub | Director | ✓ | ✓ | ✓ | ✓ |
| 3 Mr Bassem bin Abdullah Al-Salloum | Director | ✓ | Not Applicable | Not Applicable | Not Applicable |
| 4 Mr Mohammed Ali Al Ammari | Director | ✓ | Not Applicable | Not Applicable | Not Applicable |
| 5 Mr Amro Alnemari | Director | ✓ | ✓ | ✓ | ✓ |

*Not Applicable mean his membership expired or he was not a member on that time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee tasks and responsibilities shall include the following:

- Submitting recommendations to the BOD to run nomination processes for the Board and its committees' membership according to the regulator approved requirements, policies and standards. The committee may not nominate a person who was previously proven to have committed a crime against honour and honesty to the committee members.
- Developing a description of the required abilities and qualifications for the BOD and its committees' membership, including the time allocated by each director to the Board and its committees' tasks.
- Developing the special procedures in the event that a position of a director or a senior executive is vacant.
- Reviewing at least annually the required needs of the suitable skills for the BOD membership and submitting solution recommendations according to the company interest in an optimal manner.
- Developing succession policies and procedures of the BOD and its committees.
- Reviewing the BOD and its committees' structure and formation, periodically specifying their weak points, suggesting the required steps to handle them and developing a job description of the executive and non-executive members, independent members and senior executives.
- Assessing at least annually the independence of the Board and its committees' members and ensuring that there is no conflict of interest in the

cases where a member occupies a Board member of another company.

- Developing clear indemnification and remuneration policies of the BOD, its committees' members, the CEO and the senior management members based on their performance in achieving the company strategic goals and the modified business dividend.
- Confirming the necessity of an annual audit pro-

cedure of the indemnified plans for the senior management members, separately from the executive management.

- Submitting the final recommendations to the BOD about the related issues of appointing and exempting the senior management members and/or promoting the current employees to hold senior management positions according to SAMA regulations relating to the appropriateness and suitability of persons.

- Submitting the final recommendations to the BOD about exempting the senior management members.
- Periodically assessing the BOD and its committees' members' performance (the entire Board performance and the individual performance of its members) at least on an annual basis.
- Supervising the induction program and the periodical training of the directors.

The Nomination & Remuneration Committee has held two (2) meetings during the year of 2022 to implement the tasks assigned and previously mentioned according to the attendance record below:

| | | Current session - the year 2022 | | |
|---|----------------------------------|---------------------------------|-------|-------|
| # | Name | Membership | 22/11 | 27/12 |
| 1 | Mr Mohammed bin Abdullah Aljumah | Chairman | ✓ | ✓ |
| 2 | Mr Badr bin Ali Al Ali | Director | ✓ | ✓ |
| 3 | Mr Yasir Rashid Al Rashid | Director | ✓ | ✓ |

Corporate Governance (continued)

Investment Committee

The Investment Committee tasks and responsibilities shall include the following:

- Ensuring that the investment policy of the company has been developed in accordance with the company inclusive work strategy and the regulatory controls.
- Holding meetings at least 4 times annually by the committee.
- Issuing the decisions and recommendations of the committee by the majority votes of the attended directors.
- Keeping the minutes in accordance with records made for that purpose.
- Appointing the committee secretary from among

its members or the company employees.

- Obtaining the approval of the BOD on the investment policy.
- Quarterly reviewing and drafting an investment strategy, taking into consideration changes of work requirements and market circumstances.
- Appointing and assessing the investment manager and investments fund performance.
- Submitting recommendations to the BOD to appoint and exempt the investment consultant.
- Authorising a sub-committee that shall be selected with or from the management team to implement the invest-

ment committee decision, whenever required.

- Issuing the decisions of strategy implementation for each category of the investment portfolios to be managed internally or by external managers through separate mandates or investment funds.
- Appointing investment managers, evaluating their performance and specifying their charges.
- Reviewing the decisions made by the management team and the investment consultant(s).
- Providing reports on the company investment performance of risks, investment returns, provisions and any related key developments to the BOD.

The Investment Committee has held four (4) meetings during the year 2022 to implement the tasks assigned and previously mentioned according to the attendance record below

| | | | Current session - the year 2022 | | | |
|---|------------------------------------|------------|---------------------------------|----------------|----------------|----------------|
| # | Name | Membership | 30/03 | 23/10 | 27/11 | 29/12 |
| 1 | Mr Yasser Rasheed Al Rasheed | Chairman | Not Applicable | ✓ | ✓ | ✓ |
| 2 | Mr Bassem bin Abdullah Al-Salloum | Chairman | ✓ | Not Applicable | Not Applicable | Not Applicable |
| 3 | Mr Amr bin Abdullah bin Shalhoub | Director | ✓ | ✓ | ✓ | ✓ |
| 4 | Mr Fawaz bin Abdul Rahman Al-Hajji | Director | ✓ | ✓ | ✓ | ✓ |

*Mr Basem Alsllaoum was chairman of committee until the new elected board.

*Not Applicable mean his membership expired or he was not a member on that time.

Remuneration of Board Members and Committees Members

Remuneration Policy

According to Article 19 of the Company's Articles of Association and Article 25 of the Company's Governance Regulation, the Board remuneration shall be as follows:

- The Chairman and members of the BOD shall receive remunerations amounts of SAR 200,000 and SAR 500,000 as maximum on annual basis against their membership in the BOD and their participation in its business. The remuneration shall include additional remunerations if a member participates in any committee established by the BOD.
- If the company achieved profits, a fair percentage equivalent to (10%) of the remaining net profit may be distributed after deducting the reserves specified by the General Assembly under the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to the shareholders not less than (5%) of the company's paid-up capital,



provided that the entitlement to such remuneration shall be in pro-rata basis with the meetings attended by the member. In addition, any assessment is contrary thereto shall be invalid.

- In all cases, the total amounts of remuneration and financial or in-kind benefits a member may receive shall not exceed (SAR 500,000) Five Hundred Thousand Saudi Riyals annually.
- The maximum allowance for attending the meet-

ings of the Board and its committees shall be (SAR 5000) Five Thousand Saudi Riyals per meeting, excluding travel and accommodation expenses.

- Each member of the Board, including the Chairman, shall be paid the actual expenses they may incur to attend Board meetings or committees established by the BOD, including travel, accommodation and subsistence expenses.

Corporate Governance (continued)

Board Members Remuneration Amounts in Thousands Saudi Riyals (SAR)

| # | Member of the Board | Fixed remuneration | | | | | | | Variable remuneration | | | | | | | Total | Severance pay | Grand total | Expenses allowance |
|---|------------------------------------|--------------------|--|--|------------------|--|---|-------|--------------------------|-------------------------|------------------------------|-----------------------------|----------------|-----|---|-------|---------------|-------------|--------------------|
| | | A certain amount* | The board meeting attendance allowance | Total committee session attendance allowance | Benefits in kind | Technical, administrative and consultative business remuneration | The Board Chairman, Managing Director or Secretary remuneration if he/she was a member. | Total | A per cent of dividends* | Periodical remuneration | Short-term promotional plans | Long-term promotional plans | Granted shares | | | | | | |
| First: Independent Members | | | | | | | | | | | | | | | | | | | |
| 1 | Mr Mamdouh Bin Saud Al Sharhan | 350 | 35 | - | - | - | - | 385 | - | - | - | - | - | - | - | 385 | - | | |
| 2 | Mr Yasir Rashid Al Rashid | 345 | 30 | 25 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| 3 | Mr Amr bin Abdul Razzaq Alnemari | 305 | 35 | 60 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| 4 | Mr Amr bin Abdullah bin Shalhoub | 295 | 35 | 70 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| 5 | Mr Abdulhamid Abulaziz Alohal | 250 | 20 | 15 | | | | 285 | - | 100 | - | - | - | 100 | - | 385 | - | | |
| 6 | Mr Mohammad bin Abdullah Aljomah | 350 | 30 | 10 | | | | 390 | - | 100 | - | - | - | 100 | - | 490 | - | | |
| 7 | Mr Basem bin Abdullaah Al Sallom | - | 5 | 10 | | | | 15 | - | - | - | - | - | - | - | 15 | - | | |
| Total | | 1,895 | 190 | 190 | - | - | - | 2,275 | - | 500 | - | - | - | 500 | - | 2,775 | - | | |
| | | | | | | | | | | | | | | | | | | | |
| Second: Non-Executive Members | | | | | | | | | | | | | | | | | | | |
| 1 | Mr Mohammed bin Ali Al Ammari | 335 | 30 | 35 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| 2 | Mr Badr bin Ali Al Ali | 325 | 35 | 40 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| 3 | Mr Abdulmohsen Mohammed Al Saleh * | - | 5 | - | - | - | - | 5 | - | - | - | - | - | - | - | 5 | - | | |
| Total | | 660 | 70 | 75 | - | - | - | 805 | - | 200 | - | - | - | 200 | - | 1,005 | - | | |
| | | | | | | | | | | | | | | | | | | | |
| Third: Executive Members | | | | | | | | | | | | | | | | | | | |
| 1 | Mr Fawaz bin Abdul Rahman Al-Hijji | 315 | 35 | 50 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| Total | | 315 | 35 | 50 | - | - | - | 400 | - | 100 | - | - | - | 100 | - | 500 | - | | |
| | | | | | | | | | | | | | | | | | | | |
| Third: Independent Members of the Audit Committee - Non-Board Members | | | | | | | | | | | | | | | | | | | |
| 1 | Mr Saad bin Saud Al Tayyar | - | - | 40 | - | - | - | 40 | - | 100 | - | - | - | 100 | - | 140 | - | | |
| 2 | Mr Saleh Abdulrahman Al Ismaeel | - | - | 40 | - | - | - | 40 | - | 100 | - | - | - | 100 | - | 140 | - | | |
| 3 | Mr Tareq Mohammad Alshaqran | - | - | 35 | | | | 35 | | 100 | - | - | - | 100 | - | 135 | - | | |
| Total | | - | - | 115 | - | - | - | 115 | - | 300 | - | - | - | 300 | - | 415 | - | | |

* Member
 ** The bonuses mentioned in the table are for the year 2022

*** Periodic bonuses; means the remuneration of the member's participation in the committees, regardless of the number of committees assigned to the member, based on the meetings he has attended, while ensuring that the total sum of 500 thousand riyals per member does not exceed.

Corporate Governance (continued)

Members of Committees:

Remunerations of the members of the Audit Committee and all committees of the BOD, whether from the BOD or abroad, shall be as follows:

- ✦ An amount of SAR 100,000 for their duties in membership of the committees.
- ✦ An amount of SAR 5000 for attending all the meetings of committees.
- ✦ Furthermore, committee members are entitled to compensation for the expenses they may incur when attending meetings and performing their duties as committee members.

The following table shows the allowances and remunerations received by Board members and Committees members that were obtained during 2022

| # | The member | Fixed remuneration (Excluding meetings attendance allowance) | Meetings Attendance Allowance | Total |
|--|------------------------------------|---|-------------------------------|------------|
| Executive Committee Members | | | | |
| 1 | Mr Badr bin Ali Al Ali | - | 30 | 30 |
| 2 | Mr Fawaz bin Abdul Rahman Al-Hajji | - | 30 | 30 |
| 3 | Mr Mohammed bin Ali Al Ammari | - | 30 | 30 |
| 4 | Mr Amr bin Abdullah bin Shalhoub | - | 30 | 30 |
| Total | | | 120 | 120 |
| Audit Committee Members | | | | |
| 1 | Mr Amr bin Abdul Razzaq Alnemari | 100 | 40 | 140 |
| 2 | Mr Saleh Abdulrahman Al Ismaeel | 100 | 40 | 140 |
| 3 | Mr Saad bin Saud Al Tayyar | 100 | 40 | 140 |
| 4 | Mr Tareq Mohammad Alshaqran | 100 | 35 | - |
| Total | | 400 | 155 | 555 |
| Remuneration and Nomination Committee Members | | | | |
| 1 | Mr Mohammad bin Abdullah Aljomah | - | 10 | 10 |
| 2 | Mr Badr bin Ali Al Ali | - | 10 | 10 |
| 3 | Mr Yasir Rashid Al Rashid | - | 10 | 10 |
| Total | | | 30 | 30 |

| # | The member | Fixed remuneration (Excluding meetings attendance allowance) | Meetings Attendance Allowance | Total |
|-------------------------------------|-------------------------------------|---|-------------------------------|-----------|
| Risk Committee Members | | | | |
| 1 | Mr Abdulhamid Abulaziz Alohal | - | 15 | 15 |
| 2 | Mr Amr bin Abdullah bin Shalhoub | - | 20 | 20 |
| 3 | Mr Basem bin Abdullallah Al Sallom* | - | 5 | 5 |
| 4 | Mr Mohammed bin Ali Al Ammari | - | 5 | - |
| 5 | Mr Amr bin Abdul Razzaq Alnemari | | 20 | 20 |
| Total | | | 65 | 60 |
| Investment Committee Members | | | | |
| 1 | Mr Yasir Rashid Al Rashid | - | 15 | 15 |
| 2 | Mr Basem bin Abdullallah Al Sallom* | - | 5 | - |
| 3 | Mr Amr bin Abdullah bin Shalhoub | - | 20 | 20 |
| 4 | Mr Fawaz bin Abdul Rahman Al-Hajji | | 20 | 20 |
| Total | | | 60 | 55 |

* Membership on the BOD has been ended.

** Re-format the BOD subcommittee after the new elected BOD

Remunerations of Executive Management

The Board shall determine the CEO's wage and remunerations in his appointment decision, and such remunerations and wages shall be recorded in the contract concluded with the CEO.

- ✦ The remunerations and wages of the Executive Management shall be based on the internal policies and procedures of the Company, and on the job grade granted to the member of the Executive Management,

except for the director of the Internal Audit Department and the director of compliance. The remunerations and wages of those directors are determined by the Board upon the proposal of the Audit Committee.

- ✦ It shall be considered that the remuneration and wages of the Executive Management shall be proper to the duties, responsibilities, educational qualifications, practical

experience, skills and level of performance thereof.

- ✦ The company, upon being informed of any misleading information provided by a member of the Executive Management to exploit the functional position to obtain unworthy remunerations, shall stop the remuneration of such person as soon as it becomes aware of such matter. The company may claim such members for all the undue remunerations

Corporate Governance (continued)

that have been disbursed to him, and it may claim them with the competent authorities or inside the company.

- ✦ The Nomination and Remuneration Committee shall periodically review the remuneration and wages of the Executive Management to ensure that they are reasonably sufficient to attract and retain qualified and experienced persons and to urge them to develop the company in the long term.

- ✦ In the remuneration of Executive Management members, performance-related standards shall be observed, such as the remuneration in full or part is related to the performance of a member as the annual remuneration is related to his performance of its responsibilities and objectives.

Business and Achievements in 2022:

The Audit Committee held 8 meetings during the year of 2022, including the annual meeting of the Audit Com-

mittee with the Board of Directors, in implementation of work requirements. The meetings covered the most important parts within the scope of work, which were as follows:

- ✦ Approving the risk based audit plan submitted by the Internal Audit Department for the fiscal year 2022, after discussing it and following up on its implementation according to the specified schedule.
- ✦ Recommending the adoption of the internal audit charter and the updated policies and procedures' manual for the department.
- ✦ Discussing the results of the internal audit's work on a periodic basis, analyzing the risks that the company may be exposed to, studying their impact and modifying them accordingly.
- ✦ Recommending the appointment of internal audit and compliance heads.
- ✦ Approving the compliance plan for the fiscal year 2022.

- ✦ Discussing and following up the reports issued by the supervisory and control entities and recommending the enhancement of the compliance with the relevant regulations and instructions to achieve the highest levels of compliance.
- ✦ Following up with the compliance department on a periodic basis to ensure the company's compliance with the bylaws and regulations issued by the Saudi Central Bank and other legislative bodies.
- ✦ Recommending the nomination of the company's external auditors from among the nominees to audit the company's accounts for the year 2022 and the first quarter of the year 2023 and determining their remunerations, where the committee recommended the appointment of Al-Bassam and Al-Azm and Al-Sudairi offices.
- ✦ Following up on the work of the company's external auditors, ensuring the continuity of their independence, ensuring that

there are no obstacles affecting the progress of their work and evaluating the level of efficiency and effectiveness of their performance.

- ✦ Reviewing and auditing annual and interim quarterly financial statements, making recommendations thereon for the Board of Directors after discussing them with the external auditors and the company's senior management and then submitting them to the general assembly for approval.
- ✦ Reviewing the observations received from the company's internal and

external auditors and following up on their implementation according to the timetable agreed upon with the company's management.

- ✦ Following up on the implementation of the committee's recommendations and observations during its previous meetings.
- ✦ Discussing receivables' balances and following up their collection with the management.
- ✦ Reviewing the actuary reports and recommending compliance with the determined technical prices.

- ✦ Discussing the company's financial situation and following up on the preparation and implementation of the appropriate corrective plans by the executive management.
- ✦ Following up on the important lawsuits filed by or against the company and reasons of their current states and make recommendation on what should be taken in this regard.
- ✦ Discussing the progress in regard to the implementation of IFRSs 17 & 9 and the results of the first, second and third dry runs with the company's management and the external auditors.

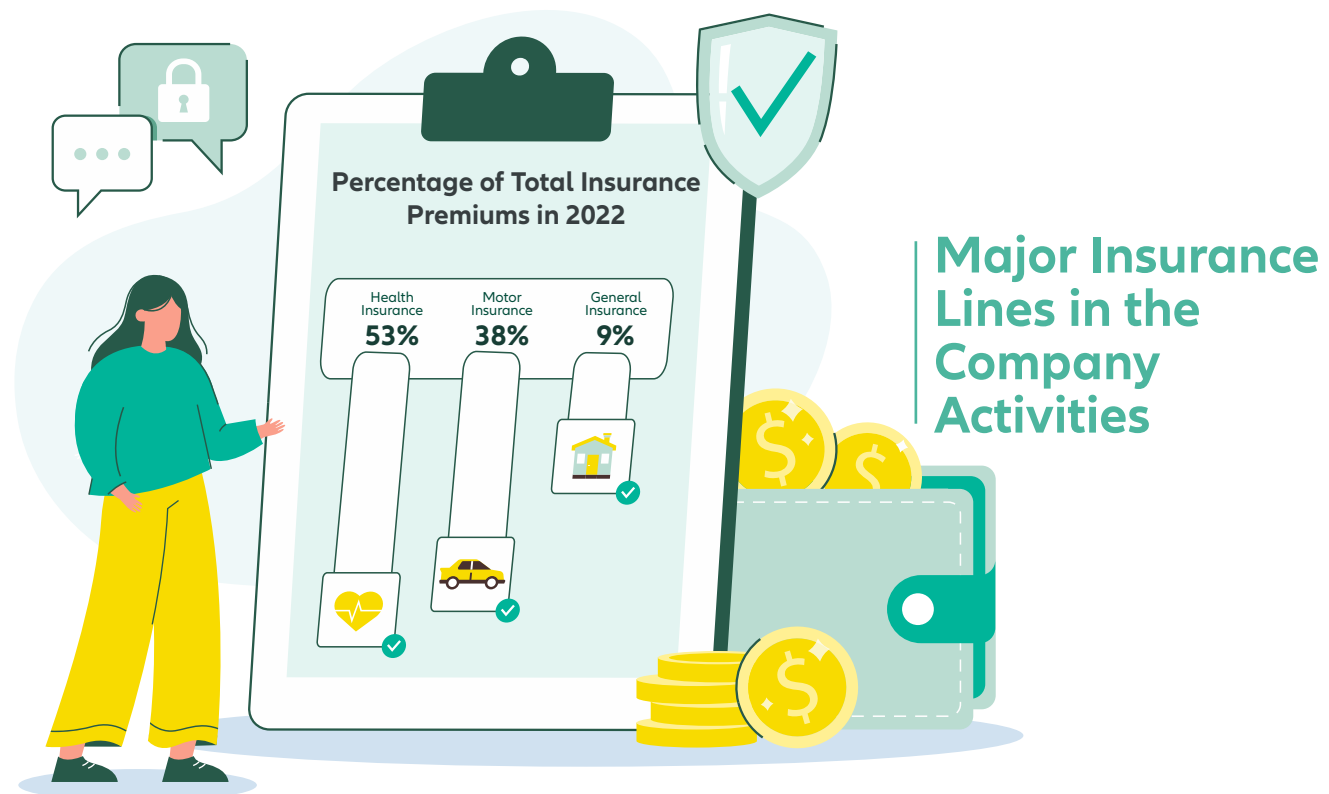
Senior Executives Remuneration in 2022

Amounts in Thousands Saudi Riyals (SAR)

| | Fixed remuneration | | | Total | Variable remuneration | | | Grand Total |
|--|--------------------|-----------|--|-------|-------------------------------|------------------------------|---------------|-------------|
| | Salary | Allowance | Benefits in Kind | | Annual and Periodic Allowance | Short-term Promotional Plans | Severance Pay | |
| 5 Senior Executives Remuneration including the CEO and CFO | 6,978 | - | Medical insurance for the employee and his/her family and death and personal accidents insurance according to the company law. | 6,978 | - | - | 513 | 7,876 |

* The company has committed itself to disclose the components and remunerations of senior executives in total, in accordance with the statutory requirements contained in subparagraph (b) of paragraph (4) of Article of the Corporate Governance Regulations, but to protect the interests of the company, its shareholders and employees and to avoid any damage resulting from the disclosure in a detailed form According to the titles and according to the position, the details were not presented, based on Paragraph (b) of Article 60 of the Rules for Offering Securities and Continuing Obligations.

Corporate Governance (continued)



| Insurance Line | Product | Percentage of Total Insurance Premiums in 2022 |
|-------------------|--------------------------------------|--|
| Health Insurance | Group Medical Insurance | 53% |
| | Individual and SME Medical Insurance | |
| Motor Insurance | Third Party Liability Insurance | 38% |
| | Vehicle Damage Insurance | |
| | Fully Comprehensive Insurance | |
| General Insurance | Property insurance | 9% |
| | Engineering insurance | |
| | Miscellaneous insurance | |
| | Marine insurance | |
| | Other Insurances | |
| | Inherent Defect Insurance | |



Corporate Governance (continued)

Description of the Company's Plans, Decisions, Events, & Future Expectations



Corporate Governance (continued)

Major Plans and Decision of the Company

Business Continuity Management

Malath Cooperative Insurance Company has made many improvements to the policies and procedures of the business continuity management program, and has continued to develop, improve, and activate the work of cybersecurity and strive to follow best practices in managing cybersecurity risks in accordance with regulatory requirements. The scope of work and responsibilities of the Risk Management Committee have also been expanded to include all aspects related to business continuity management, in addition to continuous monitoring of levels of readiness to deal with various risks.

Investments

- Building strategic relationships with investment companies and enhancing the company's returns in investment opportunities in the local and Gulf financial markets.

- Building a diversified investment portfolio for the company and balancing risks and returns.
- Allocating an amount of 40 to 60 million SAR to invest in the Saudi Royal Markets with a major investment company.
- Allocating 5 million SAR to invest in venture capital.
- Investing in selected opportunities within the initial public offerings of the Saudi Markets (Tadawul and Nomu).
- Investing in companies before listing them on Saudi Market (Pre IPO).

Human Capital

- Attracting national competencies to the Company, as the Saudization percentage until the end of 2022 remained at 73.5%.
- Updating policies and procedures without prejudice to the bylaws and related laws in order to facilitate the daily

work procedures for human resources in the internal system.

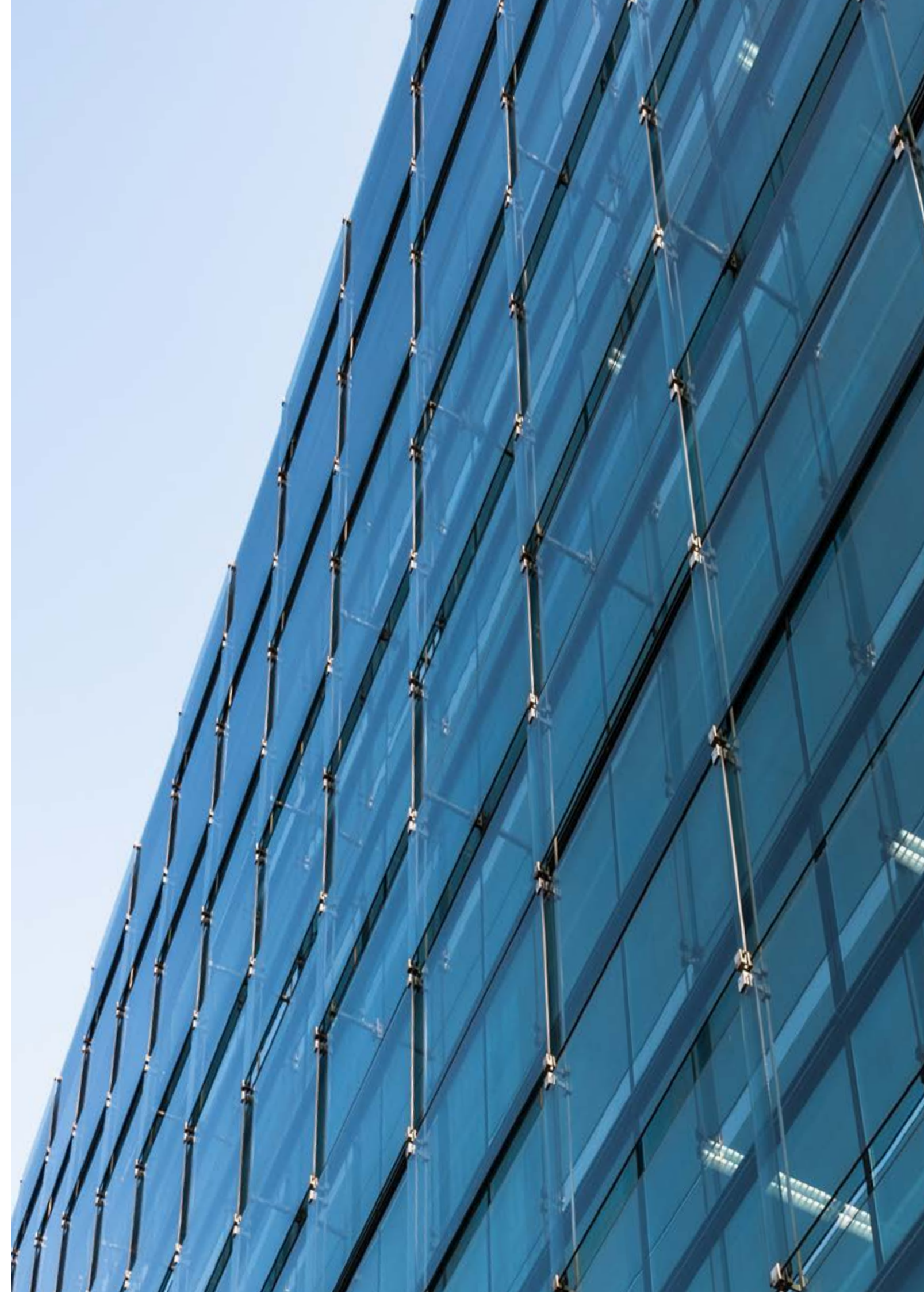
- Developing Human Resources System.

Human Resources

- Maintain the percentage of Saudization.
- Preparing onboarding programs for new employees via Malath Academy.

Insurance Services

- Following-up balanced operating growth and profitability.
- Improving and enhancing the Geographical spread all over the Kingdom.
- Providing quick and user-friendly services to clients through e-services (Company website, online application, self-serving device, self-serving branch).
- Developing and enhancing electronic medical insurance services.



Corporate Governance (continued)

✦ Improving technical services at all internal and external levels, services provided to major clients, insurance brokers and individual clients.

✦ Actively participating in selling on all electronic insurance platforms within KSA with regard to sales of comprehensive vehicle insurance for individuals and against third party.

✦ Expanding and contracting with insurance brokers.

✦ Expanding and medical individual insurance such vistor, tourism and haya.

Advertisements & Promotion

✦ With regard to marketing campaigns for products and services, the company has conducted a number of marketing campaigns through social media platforms, which are the most important technologies used in this era, including platforms such as Twitter, Snapchat and YouTube. The goal of these on-line campaigns was to raise awareness about the company's products

and services, in addition to introducing Malath's electronic applications and solutions to facilitate their use by customers. The company also participated in the activities of Riyadh Season, where Malath Insurance was the first insurance company to display its services and products through the electronic screens used in the Boulevard area of Riyadh Season with the opening of the season using no less than 140 cardboard screens distributed in the Boulevard area and a number of Riyadh Season sites.

✦ Malath Insurance has renewed its partnerships with a number of service and commodity providers by providing distinguished offers to the clients of these entities, which enhances the marketing and position of the company's brand with service providers as well as to the final consumer, who will enjoy distiguished offers and services that meet the approval of clients and partners alike.

✦ Malath Insurance continued to contribute to charitable works and social responsibility works, as the company contributed during the year 2022 to the "Good Housing" initiative, with the support of the company and the company's employees to relieve the distress of a number of needy causes. It also contributed to various international days by raising awareness and providing a number of tips about breast cancer, the risks of technical breakthroughs, and a number of international days and community events, the most important of which is the presentation of special offers on the occasion of the Saudi National Day and founding day for the vehicle insurance product.

Future Prospects for Company's Business

Malath expects to achieve a positive improvement in its business based on the following factors:

✦ Balance the portfolio of insurance products.

✦ Investing in human resources, developing the capabilities of the employees and improving their skills, which contributes to achieving customer satisfaction.

✦ Increasing the market share in the sectors of companies & SME.

✦ Expansion in the Western and Eastern regions to increase the market share and achieve growth rates in different regions.

✦ Growth and diversification of the company's investment portfolio.

✦ Malath seeks to strengthen its leadership in e-services, in addition to dis-

covering non-traditional growth and expansion opportunities. Malath expects that the new procedures and initiative will contribute to improving the company's results, increasing customer satisfaction and meeting their needs by launching a package of ambitious initiatives that are in line with its future aspirations.

Statutory Penalties

| Subject matter of violation | Fiscal Year 2022 | | Fiscal Year 2021 | |
|---|--|--------------------------------------|-------------------------------|--------------------------------------|
| | Number of Executive Decisions | Total amount of fines in Saudi riyls | Number of Executive Decisions | Total amount of fines in Saudi riyls |
| Violation of the instructions of SAMA related to cyber security | 3 | 528,300 | 5 | 555,000 |
| Subject of Infringement | <ul style="list-style-type: none"> • Violation of the instructions of the Central Bank related to cyber security risks • Violating the instructions of the CCHI | | | |
| Number of Executive Decisions | 1.Warning from the Central Bank regarding cyber security, and the company has worked out a corrective plan to address all regulatory requirements 2.Warning only from the CCHI regarding the unified contract 3.Fine of 328,300 from the CCHI was not paid and the ruling was initially decided in favor of the company. | | | |
| Total amount of fines (SAR) | (200,000 paid) and (328.300 not paid) and the Ruling was initially decided in favor of the company Total (528,300) | | | |

The total number of executive decisions in 2022 is (3);(1) included fines, and (2) was only a warning notice.

The total number of executive decisions in 2021 on the other hand, is (5);(4) included fines, and (1) was only a warning notice.

The violations were discussed by the Audit Committee with the supervisory departments and the executive management. Corrective plans were developed and ways to remedy violations of the Central Bank's instructions in order to avoid their occurrence in the future. These were also presented to the Board of Directors.

Corporate Governance (continued)

The provisions of the Corporate Governance Regulations that have been applied and the others that have not been applied, and the reasons of that

| Article No. | Provision of Article / Paragraph | Extent of Application | Remark: |
|---|--|-----------------------|---------------------------------|
| Article 39: Training | Developing the necessary mechanisms for Board members and the Executive Management to continuously enrol in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company | Applicable | For guidance only - non-binding |
| Article 41: Assessment | <p>a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.</p> <p>b) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.</p> | Applicable | For guidance only - non-binding |
| Article 85: Employee Incentives | <p>1) Forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;</p> <p>2) Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such programs;</p> <p>3) Establishing social organisations for the benefit of the Company's employees.</p> | Applicable | For guidance only - non-binding |

The company adopted the application of all provisions of Corporate Governance Regulation except the following:

| Article No. | Provision of Article / Paragraph | Extent of Application | Remark: |
|---|---|-----------------------|---------------------------------|
| Article 87: Social Responsibility | The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community. | N/ A | For guidance only - non-binding |
| Article 88: Social Initiatives | <p>1) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;</p> <p>2) Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;</p> <p>3) Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company;</p> <p>4) Establishing awareness programmes for the community to familiarise them with the Company's social responsibility.</p> | N/ A | For guidance only - non-binding |
| Article 95: Formation of a Corporate Governance Committee | If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (94) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually. | N/ A | For guidance only - non-binding |

Corporate Governance (continued)

Results of the Annual Audit of the Internal Control Procedures, in addition to the Audit Committee's Opinion on the Adequacy of Company's Internal Control System

The General Assembly of Malath Cooperative Insurance Company authorized the Audit Committee to assume the responsibility of supervising and independently monitoring the performance of the company's control functions and reviewing the interim and annual financial statements of the company and its internal control systems. Accordingly, the committee carried out its tasks and responsibilities as detailed in the audit committee charter, the governance regulations published on the company's website, instructions and regulations issued by the regulatory and supervisory authorities, its approved authorities and in light of the results of financial statements and the information provided by the executive management and the external auditors and internal control framework. The Audit Committee held 8 meetings during the year

2022, including the annual meeting with the Board of Directors, in implementation of work requirements.

The Opinion of Audit Committee on the Adequacy of Company's Internal Control System

Based on what was mentioned in the results of the annual review of the internal control procedures, the opinion of the audit committee on the adequacy of the company's internal control system, the work performed by internal audit and compliance departments in accordance with the plan approved by the Audit Committee for the year 2022, the review of the reports and observations submitted by the internal and external auditors and reviewing them with the executive management, the committee did not find a material weakness in the company's internal control procedures that requires attention, while the committee keeps on recommending to the company's management to follow up continuously to improve the efficiency and effectiveness of internal con-

trols and continually update the company's policies and procedures in line with the nature of the company's activity and businesses and the developments and updates from the supervisory authorities related to the company's activity and taking what the current circumstances require in consideration.

Recommendations of the Audit Committee that are inconsistent with decisions of the Board of Directors or refused by the Board of Directors with regard to the appointment, dismissal, fees determination, performance evaluation of company's auditor or appointment of the internal auditor and the justification of those recommendations and reasons for their non-application:

There are no such recommendations that are inconsistent with BOD decisions or refused by the Board of Directors with regards to the appointment, dismissal, fees determination, performance evaluation of the company's auditor or appointment of the internal auditor. Therefore, justification and reasoning of non-application were not issued.

Statement of the Shareholders General Assembly meetings during the last fiscal year

| Name | The Ordinary General Assembly (2nd Meeting) 21/4/2022 |
|--------------------------------------|---|
| 1 Mr Mamdouh bin Saud Al Sharhan | ✓ |
| 2 Mr Bassem bin Abdullah Al-Salloum | ✓ |
| 3 Mr Amr bin Abdul Razzaq Alnemari | ✓ |
| 4 Mr Amr bin Abdullah bin Shalhoub | ✓ |
| 5 Mr Fawaz bin Abdul Rahman Al-Hijji | ✓ |
| 6 Mr Mohammed bin Ali Al Ammari | ✓ |
| 7 Mr Badr bin Ali Al Ali | ✓ |
| 8 Abdulmohsin Bin Mohammad Al Saleh | X |



Corporate Governance (continued)

Shareholder Rights Change List

Amounts in Thousands Saudi Riyals (SAR)

| Description | Capital | Regulatory reverse | Accumulated deficit | Change in fair value of investment that available for sale | Dividends or losses of specified benefit plans re-measurement | Total |
|------------------------------------|----------------|--------------------|---------------------|--|---|----------------|
| Capital funding | 300,000 | - | - | - | - | 300,000 |
| Total period comprehensive loss | - | - | (59,207) | (9,000) | - | (68,207) |
| Balance on 31 December 2008 | 300,000 | | (59,207) | (9,000) | - | 231,793 |
| Total year comprehensive profit | - | - | 7,228 | 13,191 | - | 20,419 |
| Balance on 31 December 2009 | 300,000 | | (51,979) | 4,191 | - | 252,212 |
| Total year comprehensive profit | - | - | 18,074 | (7,675) | - | 10,399 |
| Balance on 31 December 2010 | 300,000 | | (33,905) | (3,484) | - | 262,611 |
| Total year comprehensive profit | - | - | 14,092 | 3,831 | - | 17,923 |
| Balance on 31 December 2011 | 300,000 | | (19,813) | 347 | - | 280,534 |
| Total year comprehensive profit | - | - | 30,467 | 11,534 | - | 42,001 |
| Converted to reverse | - | 2,131 | (2,131) | - | - | - |
| Balance on 31 December 2012 | 300,000 | 2,131 | 8,523 | 11,881 | - | 322,535 |
| Total year comprehensive profit | - | - | (41,834) | 10,279 | - | (31,555) |
| Balance on 31 December 2013 | 300,000 | 2,131 | (33,311) | 22,160 | - | 290,980 |
| Total year comprehensive profit | - | - | (13,712) | (1,049) | - | (14,761) |
| Balance on 31 December 2014 | 300,000 | 2,131 | (47,023) | 21,111 | - | 276,219 |
| Total year comprehensive profit | - | - | (9,883) | (7,902) | - | (17,785) |
| Balance on 31 December 2015 | 300,000 | 2,131 | (56,906) | 13,209 | - | 258,434 |

| Description | Capital | Regulatory reverse | Accumulated deficit | Change in fair value of investment that available for sale | Dividends or losses of specified benefit plans re-measurement | Total |
|--|----------------|--------------------|---------------------|--|---|----------------|
| Total year comprehensive profit | - | - | (156,174) | (12,901) | - | (169,075) |
| Balance on 31 December 2016 | 300,000 | 2,131 | (213,080) | 308 | - | 89,359 |
| Total year comprehensive profit | - | - | (17,028) | (654) | (1,754) | (19,436) |
| Capital decrease* | (180,000) | - | 180,000 | - | - | - |
| Capital Increase - priority right shares | 380,000 | - | - | - | - | 380,000 |
| Clauses were amended and added to the other inclusive income list after categorising lists according to IFRS requirements* | - | - | - | 346 | 197 | 543 |
| Balance on 31 December 2017 | 500,000 | 2,131 | (50,108) | - | (1,557) | 450,466 |
| Total year comprehensive profit | - | - | 2,630 | (231) | (2,774) | (375) |
| Balance on 31 December 2018 | 500,000 | 2,131 | (47,478) | (231) | (4,331) | 450,091 |
| Total year comprehensive profit | | | 5,182 | 865 | (709) | 5,338 |
| Balance on 31 December 2019 | 500,000 | 2,131 | (42,296) | 634 | (5,040) | 455,429 |
| Total year comprehensive profit | | | 7,548 | 39 | (2,556) | 5,031 |
| Balance on 31 December 2020 | 500,000 | 2,131 | (34,748) | 673 | (7,596) | 460,460 |
| Total year comprehensive profit | | | (85,827) | (144) | (3,089) | (89,051) |
| Balance on 31 December 2021 | 500,000 | 2,131 | (120,575) | 529 | (10,676) | 371,409 |
| Total year comprehensive profit | | | | | | |
| Balance on 31 December 2022 | 500,000 | 2,131 | (148,723) | (7,513) | (9,445) | 336,450 |
| Total year comprehensive profit | | | | | | |

* During the year 2017, the capital was decreased from SAR 300 million to SAR120 million by cancelling a number of 18 million shares, and the capital was increased from SAR 120 million to SAR 500 million by offering 32 million preferred shares.

* In the year 2017, some items of the other comprehensive income statement were restructured and categorised (a part of property rights) and adding and amending amounts to meet IFRS, SAMA and CMA requirements. Changes were added in limited benefit plans in the financial statements of the year ended on 31 December 2018. Hence, they were required to be restructured and added to the financial position statement to compare the year 2017.

Corporate Governance (continued)

The material differences in the operational results of the previous year results or the announced company expectations

Amounts in Thousands Saudi Riyals (SAR)

| Description | 2021 | 2022 | Changes + or - | Change percentage |
|--|-----------|-----------|----------------|-------------------|
| Total underwritten insurance premiums | 942,107 | 944,376 | 2,269 | 0.24% |
| Assigned reinsurance premiums: | (50,463) | (70,567) | (20,104) | 28% |
| Surplus loss expenses | (14,257) | (16,130) | (1,873) | 12% |
| Net underwritten insurance premiums | 877,387 | 857,679 | (19,708) | (2%) |
| Earned insurance premiums | 778,712 | 870,072 | 91,360 | 11% |
| Reinsurance commission | 8,322 | 13,768 | 5,446 | 40% |
| Other revenues | 1,016 | 21,297 | 20,281 | 95% |
| Net incurred claims | (687,248) | (745,494) | (58,246) | 8% |
| Deferred underwriting costs | (65,830) | (71,538) | (5,708) | 8% |
| Consumption | 1,954 | 1,950 | (4) | (0.21%) |
| Other operational expenses | (125,788) | 132,148 | 257,936 | 195% |
| Operational profit (loss) | (113,773) | (72,828) | 40,945 | (56%) |
| Investment profit | 30,394 | 50,111 | 19,717 | 39% |
| Other profits | 10,529 | 4,690 | (5,839) | (125%) |
| Profits (loss) of the financial year ended on 31 December (before Zakat) | (72,850) | (18,027) | 54,823 | (304%) |
| Transferred to document holders | - | - | | |
| Profits (loss) of the financial year ended on 31 December (before Zakat) | (72,850) | (18,027) | 54,823 | (304%) |

According to the external auditor report, the company has developed the financial statements in accordance with the approved IFRS in the kingdom of Saudi Arabia, other standards and publications adopted by the SOCPA.

The Company Policy of Dividends

The shareholder is entitled to his share of dividends in accordance with the decision of the General Assembly issued in this regard, and the decision indicates the validity date and the date of distribution. The dividends to be distributed to the shareholders shall be paid at the place and times determined by the Board of Directors, in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Saudi Central Bank. Based on Article 5 of the company's governance regulations, the company's dividend policy depends on achieving rewarding returns and gains for investors in the company's shares, so that the impact of those returns and gains extends to include the following points:

Dividends Distribution Policy

- ✦ Distribution of rewarding cash dividends to shareholders, after taking into account the various factors existing at the time of distribution, including the company's financial position, working capital requirements, distributable dividends, credit limits available to the company, in addition to the General Economic Situation.
- ✦ Granting free shares to shareholders in case the conditions and requirements for that related to the retained dividends and the components of shareholders' rights are available in the positions and financial statements of the company.
- ✦ The entitlement to dividends, whether cash dividends or bonus shares, shall be for shareholders registered in the Depository Centre records with the Capital Market Com-

pany at the end of Tadawul after the General Assembly Meeting.

- ✦ The company pays dividends to be distributed to shareholders on the dates set by BOD.

Announcing the distribution of profits

- ✦ The decision on the announcement and payment of dividends, including the decision on the number of dividends and the procedures for its payment, shall be made by the General Assembly of shareholders according to the recommendations of BOD.
- ✦ The decision on the announcement and payment of dividends will be a separate topic on the agenda of the General Assembly of shareholders.
- ✦ The decision on determining the amount of the dividends and the procedures for its payment will be made by the BOD in its

meeting when the initial distribution of the company's net profits for the year is approved, and it is recommended to the General Assembly of shareholders.

- ✦ The decision on announcing the distribution of shares shall be taken in accordance with the company's articles of association.

Description of Transactions & Operations with the Relevant Parties

There are no transactions of relative importance with related parties, in addition to the fact that during this period the company did not have any contracts in which the company was a party and in which there was an interest for the CEO or the financial manager or any person related to any of them, and there are no arrangements or assignment agreements under it, a member of the company's board of directors or a senior executive for any salary or compensation.

Corporate Governance (continued)

Description of any Interest, Contractual Papers and Underwriting Rights belonging to the Board Members and their relatives in the company shares or debt instruments of the company 2022 AD:

| # | Name of the person the interest, contractual papers or underwriting rights belonging to | Beginning of the year | | End of the year | | Net change | Change percent |
|---|---|-----------------------|------------------|------------------|------------------|------------|----------------|
| | | Number of shares | Debt instruments | Number of shares | Debt instruments | | |
| 1 | Mr Mohammed bin Ali Al Ammari | 14,275 | - | 14,275 | - | - | - |
| 2 | Mr Badr bin Ali Al Ali | 20 | - | 20 | - | - | - |
| 3 | Mr Mamdouh bin Saud Al Sharhan | 98 | - | 100 | - | 2 | - |
| 4 | Mr Amr bin Abdullah bin Shalhoub | 100 | - | 100 | - | - | - |
| 5 | Mr Fawaz bin Abdul Rah-man Al-Hijji | 4500 | - | 4500 | - | - | - |
| 6 | Mr Amr bin Abdul Razzaq Alnemari | 1000 | - | 1000 | - | - | - |
| 7 | Mr Yasser bin Rashid Alrasheed | | - | 1000 | - | 1000 | - |
| 8 | Abdul-Hamid Abdulaziz Al-Ohali | | - | 46000 | - | 46000 | - |
| 9 | Mohammad Abdullah Al-Jumah | | - | | - | - | |

Description of any Interest, Contractual Papers and Underwriting Rights belonging to the senior executives and their relatives in the company shares or debt instruments of the company 2022 AD:

| # | Name of the person the interest, contractual papers or underwriting rights belonging to | Beginning of the year | | End of the year | | Net change | Change percent |
|---|---|-----------------------|------------------|------------------|------------------|------------|----------------|
| | | Number of shares | Debt instruments | Number of shares | Debt instruments | | |
| 1 | Mr Fawaz bin Abdul Rahman Al-Hijji | 4500 | | 4500 | | - | - |
| 2 | Mr Motab Al-Ghamdi | - | | - | | - | - |
| 3 | Mr Tariq Al-Ghamdi | - | | - | | - | - |
| 4 | Mr Ahmed Al Rakaf | - | | - | | - | - |
| 5 | Mr Abdullah Yousef Al Husseni | - | | - | | - | - |

Share Activities and Debt Instruments

During the period ended on 31 December 2022, there are no debt instruments issued by the company. In addition, neither person has any interest in the category of voting shares. Furthermore, the Board members, senior executives and their family members have no interest, option

rights or underwriting rights. The company did not issue or grant convertible debt instruments or any option rights, notes or similar rights during that period. Moreover, conversion or acquisition rights under convertible debt instruments, option rights or similar rights certificates is-

sued or granted by the company during that period. No recovery, purchase or cancellation by the company to any recoverable debt instruments and no arrangements or a waiver agreement from any of the shareholders for any dividend rights.

Corporate Governance (continued)

The number, dates and reasons for the company's applications for the shareholder record

| Number of company applications of shareholder record | Application date | Application reasons |
|--|------------------|---------------------|
| First application | 01/03/2022 | Company Procedures |
| Second application | 05/04/2022 | Company Procedures |
| Third application | 21/04/2022 | General Assembly |
| Fourth application | 13/07/2022 | Company Procedures |
| Fifth application | 30/08/2022 | Company Procedures |

A statement of the value of the legally paid payments and due for payment of any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description thereof and reasons

All amounts are in Saudi Riyals (SR 000) unless otherwise stated

| 2022 | | | | |
|--|----------------|--|--|------------------------|
| Description | Paid | Due at the end of the annual financial period and unpaid | Brief description | Reason description |
| Zakat | 3,909,663.09 | | Zakat payments in the amount of SAR 9,883,990 in 2021 are paid to the Authority whereas Zakat is due on April 2021. | Regulatory requirement |
| Taxes | 112,688,251.45 | 8,034,506.33 | Zakat payments of SAR 3,909,663.09 were made in 2022 to the authority, while zakat related to the year 2022 is due in April 2023 | Regulatory requirement |
| Saudi Central Bank | 4,548,166.08 | 976,881.97 | Saudi Arabian Monetary Agency examination fees | Regulatory requirement |
| Health Insurance Board (CCHI) | 4,819,074.00 | 901,518.39 | CCHI Inspection fees | Regulatory requirement |
| The General Organization for Social Insurance (GOSI) | 7,738,344.97 | 640,283.84 | The amount owed to GOSI is for December 2022 contributions with a due date of January 15, 2023 | Regulatory requirement |
| Visa and Passport Fees | 207,039.85 | - | The costs of issuing visas for non-Saudi employees have been paid | Regulatory requirement |
| Labour Office Fees | 803,636.00 | - | The costs of employment cards for non-Saudi employees have been paid | Regulatory requirement |



Corporate Governance (continued)

A statement of the value of any investments or reserves established for the benefit of the company employees

The company has a savings program for employees, according to which a specific percentage is deducted from the employees' salaries. This amounted to SAR 638,000 as of 31st December 2022.

Board Acknowledgment

The Board shall acknowledge the following:

1. Account records were developed appropriately.
2. Internal Audit System is developed on suitable principles and executed effectively.
3. There are no doubts about the ability of the company to continue its business.
4. There are no loans taken by the company (whether payable or others).
5. There are no arrangements or waiver agreements, under which a shareholder of the company waives any rights of dividends.
6. There is no conflict between any recommendations of the audit committee and the Board decisions, and there are no recommendations of the committee refused by the BOD regarding the auditor appointment, dismissal, charges identification and performance evaluation or the internal auditor appointment.
7. There are no reservations in the auditor reports, including reservations regarding the annual financial statements.
8. No penalty, precautionary attachment or sanction imposed by any judicial, supervisory or regulatory authority on any of BOD members, having a relationship with the company.
9. There are no major shareholders at the company.
10. Consolidated financial statements were prepared in accordance with international



11. There are no differences from the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), which are the IFRS Standards.
12. There were no arrangements or agreements through which any Board member or any executive to waive any salary or compensation.
13. There are no arrangements or agreements through which any of the Company's shareholders to waive the rights to profits.
14. Except what was disclosed of shares owned by the Board and Executive Management, there are no other interests in the shares of eligibility of voting that are owned by any person (other than the Board, Executive Management, and their relatives and any other contractual interests and any changes in those interests in line with Article 45 of the Listing Rules.
15. The Company has no treasury shares.
16. There is no material deviation between the Board's remuneration and the remuneration policy.
17. There are no business or contracts to which the company is a party, or in which there is an interest of a member of the board of directors of the company or its senior executives, or any person related, so that it includes the names of those involved in the business or contracts,
18. There are no competing businesses for the company or for any of the branches of the activity it is engaged in and which any member of the Board of Directors is engaged in, so that it includes the names of those involved in the competing business, and the nature and conditions of this business.