



MALATH COOPERATIVE INSURANCE | 2021 ANNUAL REPORT



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

in the name of Allah the most
merciful the most gracious



المملكة العربية السعودية

Kingdom of Saudi Arabia



Delivering on Our Aspiration

Malath Cooperative Insurance is a leading multi-line insurer that serves its customers in the local market of Saudi Arabia, providing a wide range of insurance products and services. Customers include individuals, small businesses, mid-sized and large companies, and corporations.

Since its inception, Malath has always been one step ahead, embracing innovation whilst finding new ways to serve and protect those who rely on them. Malath 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.



Our Customers' Overview



Individuals



Small
Businesses



Mid-sized
Companies






Large
Companies



2021 KEY HIGHLIGHTS

Operations Data	2021	2020
Gross Premiums Written	SAR 942,107,000	SAR 781,568,000

Insurance Line	Gross Insurance Premiums for 2021
 Health Care Insurance	41.3%
 Motor Insurance	52.2%
 Property and Casualty Insurance	6.3%

Achievement of
73%



Field
of Saudization

Female staff
25.7%



Total number
of employees

OUTSTANDING SALES GROWTH OF 21% YOY 2021

Mainly driven by strong results in the medical insurance segment:





2020		2021
13%	 Yearly sales growth	32%
9%	 Yearly profitability growth	119%
11%	 Profitability % of revenue (NUI/NPE)	19%

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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.

Major Insurance Lines



Health Care Insurance

Malath Cooperative Insurance Co. is a Saudi joint-stock company with a 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.



Motor Insurance

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



Property & Casualty Insurance

insurance products. Malath’s products and services include health care insurance (insurance for SME, corporate and individual), motor insurance (compulsory third-party and damage to vehicles, comprehensive insurance) and property and casualty insurance (property, engineering, miscellaneous,

About Malath (Continued)

travel, medical malpractice, and marine insurance). 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 center, car claims center, a specialized 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 in accordance with 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 the aim of setting the standard for Saudi's construction sector

which is set to boom in line with Vision 2030 and making sure they can assist their clients in obtaining suitable coverage tailored to their project's needs.

Entities undertaking construction, design and/or the supervision of construction in the Kingdom stand to potentially be held jointly responsible and liable to compensate owners for any occurrences within ten years from the date of issuance of an occupancy certificate, for all types of construction works in both the private and public sectors.

To commence work on "qualifying projects" in the Kingdom, it is necessary to provide the authorities with a copy of an IDI insurance policy issued by a Saudi Arabian insurer to receive a building permit. Malath is truly devoted to putting its customers first. Our highest

priorities remain to be an unwavering commitment to providing high-quality and affordable cooperative insurance services.

The Company's strategy positions Malath for long-term success. It helps to build a unique footprint, solid financial portfolio, along with 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.

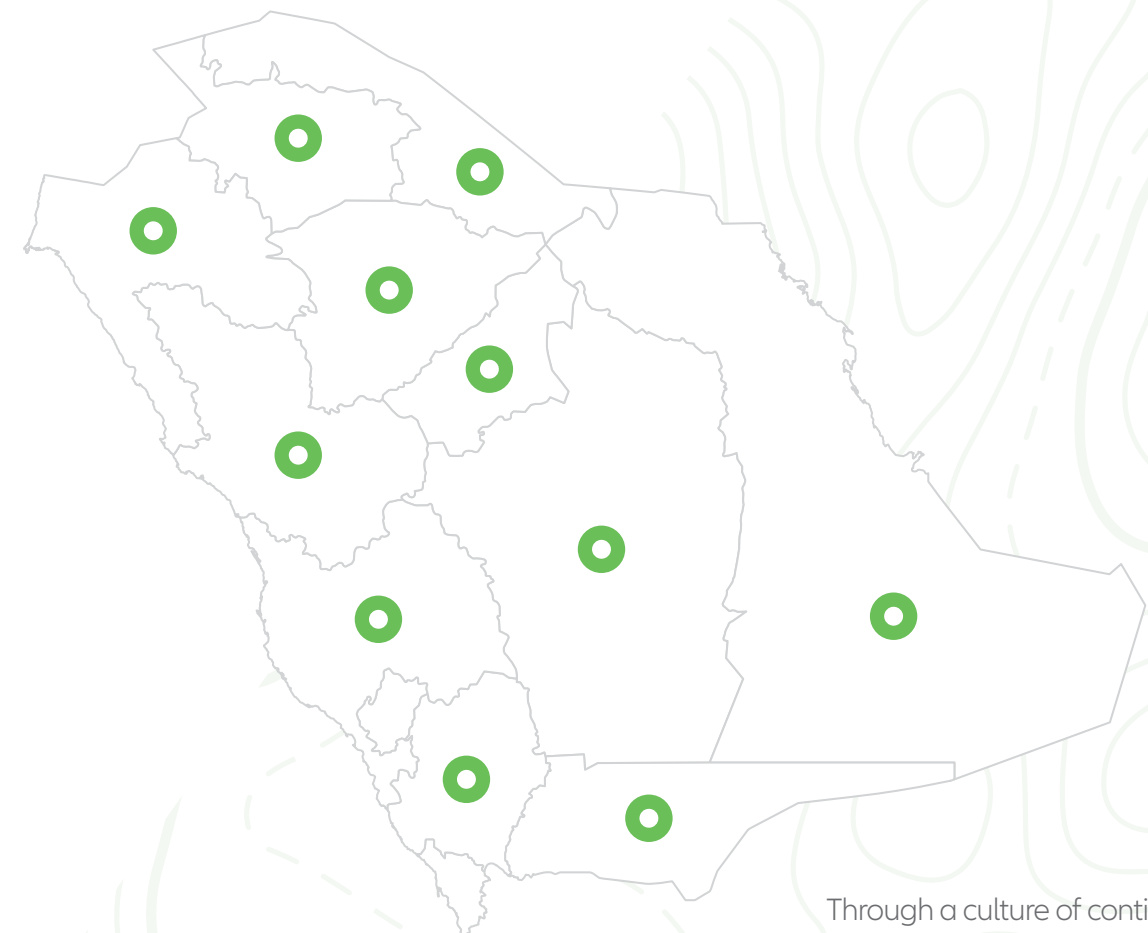


Values

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 2021

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

Leadership

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Chairman's Statement

► A changing world demands focus and understanding of how to create value. We are on a challenging but rewarding journey to become the chosen Insurer of the Kingdom. Malath is well-positioned to face this transformation from a position of strength.

Malath Insurance Company is proud of its pioneering role in serving the national economy, which is proceeding with confident steps towards further progress and prosperity.

Its strategic developing stages are continuing in various fields under the sound guidance of the Custodian of the Two Holy Mosques and His Royal Highness, the Trustworthy Crown Prince - may Allah support him.

Insurance services are integrated with the basic elements of economic development and represent the foundation of the movement of trade, the requirements of daily life, the future planning of institutions, companies and individuals. Thus, making

Malath fully prepared to provide all appropriate insurance products that meet all aspirations, in a dynamic manner characterised by flexibility, diversity and the unlimited possibility to adapt to developments, market demands, 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 2021, which includes in detail, the movement of capital, financial results and the shareholder's equity position, in addition to a package of products, services and development efforts in various sectors with the aim of raising the level of performance to new levels that comply with the

requirements of the Saudi Vision 2030 and its challenges, as well as efforts to strengthen partnerships to achieve mutual benefit. Despite the continuing repercussions of the Corona pandemic, the year 2021 witnessed the record success of our rational government, may Allah protect it, in overcoming the crisis and implementing one of the largest vaccination campaigns in the world.

Performance in Malath, which has witnessed a good improvement, has strengthened our confidence in returning to pre-pandemic rates and proceeding from it with confidence and faithfulness towards a prosperous future. We look forward to continuing to grow, to be present in all regions of

Chairman's Statement

the Kingdom and provide new, diverse and innovative insurance products and programs whilst expanding in the field of technology, providing more electronic solutions, working to strengthen our brand and our strategic partnerships.

Working as well on our constant quest to become the preferred insurance company for customers, on our full willingness to achieve advanced rates in the field of Saudization, and to give priority to preparing and qualifying our cadres for excellence and success in the world of insurance in all its fields and unlimited horizons.

In conclusion, we extend our thanks and appreciation to our customers and partners, and our highest appreciation and gratitude to our shareholders for their confidence that motivates us to

continue providing the best products and services.

We thank the regulatory authorities, particularly the Saudi Central Bank, the Council of Health Insurance and various government agencies. I would also like to extend my gratitude and appreciation to my fellow Board members and the Executive team.

The company is expressing its pride in the excellence, success and giving of the employees of Malath because by all accounts they are the company's most valuable wealth.

May Allah bless and guide all of you towards success.

Mr Mamdouh bin Saud Al Sharhan



**Working on
our constant
quest to be-
come the pre-
ferred insur-
ance company
for customers
in KSA.**



CEO's Message

► Our experience over the years puts us in an excellent position to pursue our customer-focused strategy with energy, deliver on our ambitious targets, and surpass customer expectations.

During a journey that spanned fifteen years, Malath has been able to confirm its leading position in the field of cooperative insurance, and has contributed, and continues to contribute, in its role of supporting the national economy and participating in the realisation of the Kingdom's Vision 2030.

Our extended journey was marked with great momentum by the challenges that were successfully overcome.

The most important features, challenges, and achievements made during 2021 with the help and blessings of Allah, with the support of our Chairman, esteemed members of the Board of Directors, and the efforts of all the company's Employees in various sectors and departments are reviewed through this report. Despite the repercussions of the Corona pandemic, the commitment to government directives and

health precautionary measures, we have been keen to continue providing services to our customers around the clock while maintaining a workflow by applying appropriate organisational changes and procedures.

Among them is benefiting to the fullest extent from the results of previous efforts in developing the technical infrastructure, which confirmed its feasibility during those circumstances, up to the gradual measures taken on the way back to normal life.

And because the achievements that are accomplished in difficult and unfavourable conditions acquire special importance, it is worthy to mention that Malath continues its mission and services without stopping.

Our insurance program against inherent defects in new buildings has been launched, which was led by

the Central on behalf of the insurance market. The Company has sustained its confidence to continue the long-term plan of restoring its position as a major provider of cooperative insurance in the Kingdom based on its balance and accumulated experience in this field, with the continuous updating of our electronic services; we aim to provide our services in a timely manner, efficiently, and at a competitive level in line with the aspirations of our customers.

Malath regularly follows up on all changes in the market in order to achieve exclusivity and leadership.

The report also includes in detail the company's efforts of following the integrated strategy to build Malath's medical brand and increase our knowledge balance in information technology & digitization, while diversifying our products, increasing



CEO's Message

our customer base, and expanding the current sales network to include all parts of the Kingdom, customers getting the best benefits and discounts in order to participate in activating retail sales.

The expansion of electronic solutions, and other services that are based in essence on the results of customer opinion surveys, through which we aim for Malath's development programs and plans to be the direct echo of customers' desires and aspirations, we are proud of our position, role and image, which are based on the elements of initiative, credibility and reflection of

developments in the insurance world locally, regionally and internationally. And because every achievement is based, after God's grace, on the superior performance of our distinguished cadres in various locations and sectors, the company is keen to provide the latest training programs for our employees in various fields and work on developing talents and preparing future leaders.

Efforts that resulted in the achievement of 73% in the field of Saudization, and the percentage of female staff at 25.7 % of the total number of employees, while working to increase the percentage of women

in the management level of the company. With optimism and hope, we look forward, with God's help, to a new year, free of Covid-19, during which we will continue our efforts and plans to increase and diversify products, expand partnerships, and always raise the level of services, expressing great thanks and appreciation to customers, shareholders, and partners.

Thanks go to the Chairman and members of the Board of Directors and to my colleagues and the rest of our staff, wishing success and payment for every sincere effort and every tender, which always continues in the homeland of giving.

God bless.

Mr Fawaz bin Abdul
Rahman Al-Hijji

“
Malath regularly follows up on all changes in the market in order to achieve leadership.
”



Mr Mamdouh bin Saud Al Sharhan

Independent/ Chairman of BOD/ Chairman of Executive Committee/ Member of Nomination and Remuneration Committee

● Current Positions

- › Chairman of Malath Cooperative Insurance Company
- › A director of Real Estate Development Fund
- › Vice Chairman and Managing Director of Eastern Juman Company
- › Chief Executive Officer of Almutlaq Real Estate Company (AREIC)
- › Vice Chairman of Mubadala Investment 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

● Qualifications

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

● Experience

- › More than 20 years of experience in the private and government sectors as a board member and chairman of many companies and foundations.



Mr Basem bin Abdullah Al-Sallom

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

● Current Positions

- › Independent/ Chairman of Investment Committee/ Chairman of Nomination and Remuneration Committee/ Member of the Risk Committee
- › CEO and Managing Director of SURE Global Tech Company - KSA
- › A Director of Fawaz Abdulaziz Alhokair Co. (listed company)
- › A Director of Bin Yalla Exchange Company (partnership)
- › Vice-Chairman of National Committee for Communications and Information Technology
- › Managing Director of SurePay Co.

● Previous Positions

- › Deputy Governor of the General Investment Authority
- › A Director of Saudi Export Development Authority
- › Vice President of Civil Aviation Authority for Corporate Communications Affairs
- › Chairman of the Executive Committee of the Ministerial Conference at Civil Aviation Authority
- › Executive Director of Digital Communication and Marketing - Mobily
- › Managing Director - Numu Multimedia Co. & Saudi Research and Marketing Group

● Qualifications

- › Master of Information Technology Consultancy, University of Kent, UK
- › Holder of executive and specialization certificates from Oxford Business College, London School of Economics and Harvard Business School

● Experience

- › Board member of multiple listed and private companies, with experience of more than 15 years in areas of driving business development.



Mr Amr bin Abdul Razzaq Alnemari

Independent/ Board Member/ Chairman of the Audit Committee

- **Current Positions**

- › A Director of Malath Cooperative Insurance Company
- › CFO at the National Real Estate Registration Services Company

- **Previous Positions**

- › CFO at the KAFD Development & Management Company
- › CFO 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

- **Experience**

- › Multiple senior management positions in many government and private sectors with an auditing, accounting, financial background with more than 25 years experience.



Mr Amr bin Abdullah bin Shalhoub

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

- **Current Positions**

- › A director 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

- **Experience**

- › 10 years of experience in customer care, product development, service development, and operation.



Mr Amr bin Abdul Razzaq Alnemari

Independent/ Board Member/ Chairman of the Audit Committee

- **Current Positions**

- › A Director of Malath Cooperative Insurance Company
- › CFO at the National Real Estate Registration Services Company

- **Previous Positions**

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- **Experience**

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- **Qualifications**

- › Bachelor of Business Administration - USA

- **Experience**

- › 10 years of experience in customer care, product development, service development, and operation.



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
- › Vice-Chairman of the Executive Committee of "General Committee of Directors General of Insurance Companies"
- › Member of Nomination and Remuneration Committee at Saudi Tadawi Healthcare Company

- **Previous Positions**

- › 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 Union Cooperative Insurance Co.

- **Qualifications**

- › Holding an executive master of management, specialization of finance and insurance from the University of St. Gallen 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 specialized executive management courses in the largest international universities and institutes

- **Experience**

- › Experience exceeds 23 years in different executive positions and insurance backgrounds.



Mr Bader Bin Ali Al Ali

Non-Executive / Member of the Executive Committee / Member of the Nomination and Remuneration Committee

- **Current Positions**

- › A Director of Malath Cooperative Insurance Company
- › Consultant in the National Housing 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

- **Experience**

- › More than 15 years of experience in different executive positions.



Mr Mohammed Ali Al Ammari

Non-executive/ Director

Current Positions

- › A Director of Malath Cooperative Insurance Company
- › Chairman of Wajif Insurance Brokerage Services Company
- › A Director 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 & 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

Experience

- › More than 40 years of experience in the financial and insurance sectors. Writer and lecturer in the economics, banking, real estate and insurance fields.



Mr Abdul Mohsen bin Mohammed Al Saleh

Non-Executive / Member of Nomination and Remuneration Committee

Current Positions

- › Founder, a Director and Chairman of Nomination and Remuneration Committee at Malath Co-operative Insurance Company - since April 2007
- › Founder and Board Member of FALCOM Financial Services Company - since January 2015
- › Chairman and Owner of Massader Holding Company
- › Chairman of FALCOM Financial Services Company - Chairman of Executive Committee, Chairman of Risk Committee, Member of Nomination and Remuneration Committee

Previous Positions

- › Chairman of Saudi Industrial Exports Company from April 2007 - June 2016
- › A Director of LSC Warehousing and Logistics Services Co. October 2008 - June 2016
- › Chairman of FIPCO (Filling and Packing Materials Manufacturing Company) November 2009 - December 2015
- › A Director of Barclays Bank Saudi Arabia from December 2011 - August 2014
- › A Director of FIPCO (Filling and Packing Materials Manufacturing Company) November 1990 - November 2009
- › Advisor of Saudi American Bank from 1980 till 1999
- › Member of Saudi - American Joint Commission for Economic Cooperation
- › Vice Chairman of Citi Group Saudi Arabia from 1975 till 1980
- › Head of Private Banking Services Department, Citi Group Saudi Arabia from 2002 - 2004

Qualifications

- › Bachelor of Business Administration and Economics - Whittier College, California, United States of America 1967

Experience

- › Founder and owner of more than one company, with more than 50 years experience in management with financial background.



Mr Salman bin Nasser Al-Hawawi*

Independent/ Vice-Chairman/ Chairman of Risks Committee/
Board of Investment Committee

● Previous Positions

- › Vice Chairman of Malath
- › A director of Saudi Advanced Industries Company
- › Licensed financial advisor from the Ministry of Commerce and Investment
- › Almarai Company: Group Investor Relations Manager
- › Saudi Telecom Company: Director of Financial Statements Division at the General Administration of Financial Control of group
- › Saudi Stock Exchange (Tadawul): Financial reports and balance sheet official
- › Saudi Telecom Company: Accounting specialist
- › Industrial Development Fund: Assistant auditor and financial analyst
- › Saudi Organization for Certified Public Accounts: full-time intern for two months and part-time trainee for three months.

● Qualifications

- › Bachelor's degree in administrative sciences, specialization in accounting, King Saud University.

● Experience

- › More than 15 years of experience in the biggest companies in Saudi Arabia, in different sectors such as accounting, auditing, exchange market and investor relation. He is one of the regulated financial advisors from the Ministry of Commerce and Investment.

* The member, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2021

Board
of Directors

Executive Management



Mr Fawaz bin Abdul Rahman Al-Hijji

Current Positions

- › CEO and Managing Director

Previous Positions

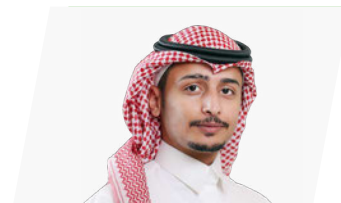
- › Executive Vice President of motor insurance in Malath Co-operative Insurance Co.

Qualifications

- › Master of Business Administration from St. Gallon University

Experience

- › More than 23 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 7 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 12 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 10 years of experience in health insurance



03

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Macro Overview 2021

► For all the difficulties faced globally during 2020, Saudi Arabia's governing body withstood the effects of the Covid-19 on its economy, leveraging the pandemic conditions as an opportunity to drive further reform and diversify the economy with lower risk in harnessing the benefits of telecommunications and the digitalization of economic activities.

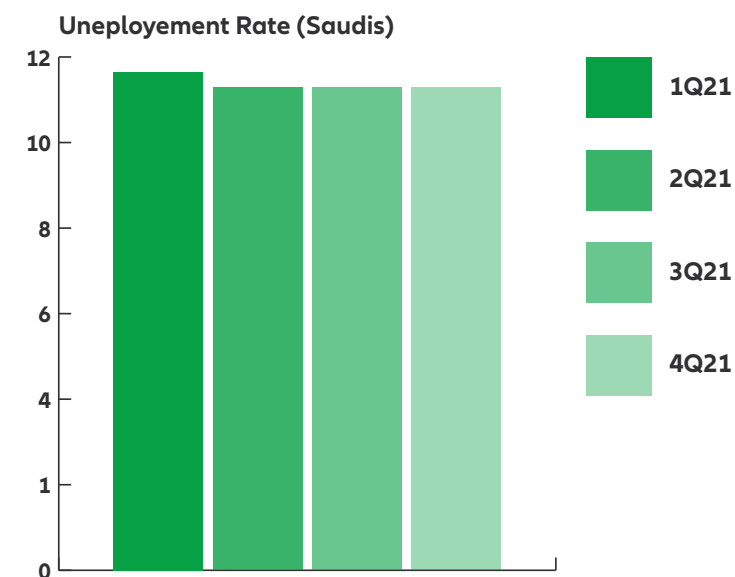
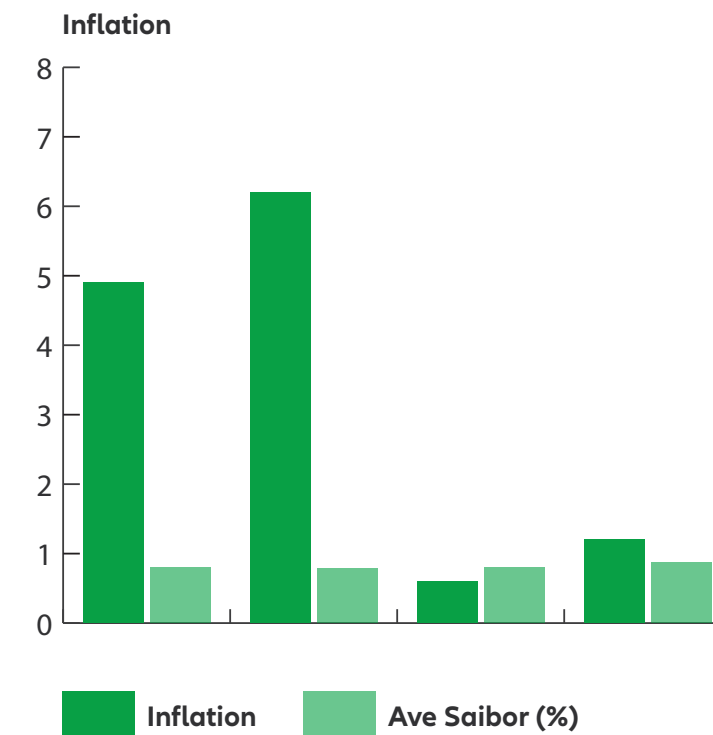
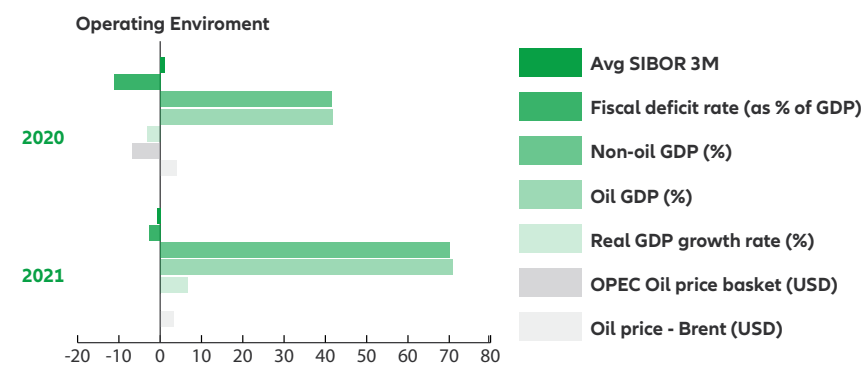
The country continued towards the manifestation of the goals driven by Saudi Arabia's Vision 2030, an ambitious re- form agenda championed by Saudi Crown Prince Moham- med bin Salman.

Saudi Arabia's economy saw growth of 4.1 % in 2021 and is poised to grow to 6.3 % in 2022. It is clear to see that the recovery of the Saudi economy took off in 2021, reversing the pandemic-driven downturn of 2020. The growth is also backed by higher oil output amid an OPEC+ agreement. The global oil indicator, exceeded expectations off the back of OPEC agreements made, with an average price of \$69.29 over 2021, up from \$41.96 the previous year.

This helped boost the economy and inject some energy into the market. As the economy continued to re- bound through 2021, the un- employment rate in Saudi fell to 11.3%, a number boosted by continuing reforms in the labour market.

In regard to the policy percentage of Saudi companies must employ, continues to rise, with some sectors also being mandated to employ 100% Saudi staff. With rel-

ative normality resumed in the local market, inflation remained in line with that experienced the previous year, with an official inflation rate in 2021 of 3.2%. This was largely due to increases in the price of transport and prices for food and beverages. Inflation is expected to fall in 2022. The positive sentiment seen in 2021, and the progress made throughout the year will only help accelerate the Country's realisation of its 2030 Vision.



Operating Environment

The Financial Sector Development Program will continue to strengthen financial institutions to support the private sector, through boosting the financial planning options and increasing the share of financing SMEs in banks. The program will also develop a sustainable and thriving insurance sector in the Kingdom, increasing the share of non-cash transactions from 36 % in 2019 to 70 % in 2025. To ensure the overall financial stability of the financial services sector, the program adheres to relevant international standards, including the requirements of the Bank for International Settlements and the International Organization of Securities Commissions.

Macro Overview 2021



More relevant towards the sector in which Malath operates is the fact that the company needs to navigate a rapidly changing workforce, customer behaviour, and business environments. 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 overnight and it's likely that the market will continue to oscillate between the two.

Malath makes sure 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 solutions that are commercially robust, pragmatic, and implementable. In line with one of Malath's main Visions, to be the chosen Insurer in the Kingdom, the Company are looking forward to diversifying their products and increasing their customer base.

Malath Cooperative Insurance is fully embracing digital technology to shift the business model and provide new revenue and value-producing opportunities. Covid-19 has shown the interconnectivity of multiple forces and the fact the response must be digital ways of working and originating business that drives speed, efficiency, and a better customer experience.



Malath 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 further align 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 larger advantage. As a company, Malath continuously enhances its resilience to business risks and remains 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)
- › P&C Insurance (property, engineering, miscellaneous, travel, medical malpractice, and marine insurance)
- › Inherent Defect 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

Digitalization Leadership

The COVID-19 pandemic triggered a paradigm shift in consumer behaviour in the market, with lockdowns pushing customers towards e-solutions to access a broad array of goods and services, including insurance.

The customer willingness to switch and the openness of the regulatory framework are favourable factors to be considered, in joining a digital ecosystem. Malath's main objective is to adapt to this new constellation in order to maintain and expand to the digital customer base.



We believe that by accelerating the use of technology and data in our industry, we bring thousands more people into the insurance safety net.

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 further shift from simple digital marketplaces to more complex scopes that 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.

We must make full use of this unique set of tools to address

Malath Strategy



the challenges that our industry and society face. At the core of our digital journey is a combination of in-house developments and strategic partnerships, which give us the flexibility and scale to truly transform both our business and that of our clients.

Our evolving digital services are critical for individuals, communities and businesses today – and will become ever more so. We believe that by accelerating the use of technology and data in our industry, we bring thousands more people within the insurance safety net and that access to new sources of data is central to the success of the insurance compass.

Wide Spectrum of Products/Services

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 corporate portfolios.

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.

One of the daily exercises 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 maximize 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 to streamline operations with a disciplined approach to divestiture not only sharpens the strategic focus on the core but also creates nearly twice as much value for shareholders. A good example of effective divestiture is that since 2018, Malath has divested operations and used the capital raised and

Malath Strategy

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 a strategic goals and steps toward leading the P&C.

Human capital is Malath's baseline for talent management and determines the organization's ability to be competitive for many years.

640_h

in total were spent on training in 2021

Malath has produced some of the highest returns in sectors of Health reaching the following indicators, as of 2021:

- Loss ratio - 74%
- Yearly sales growth - 32%
- Yearly profitability growth - 119%
- NUI/NPE - 19%

Human Capital

The human capital strategy plays a key role in the achievement of the organization's overall business strategy, resulting in greater competitiveness, excellence, and innovation. For Malath the aim of the human capital strategy is to transform human resources into a more tangible asset; the process

aims to prioritize investment in human resources and to build a different strategy based on the ability to address HR professionals to become drivers of organizational effectiveness and business strategy referring to the operational concept of the human resources outfit. Governing human resources management over the entire employee life cycle - from talent acquisition to subsequent training, and career management path in the organization.

The process impacts all employees and managers within the organization, from the definition of 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, participating in developing business streams, and improving the ability of the organization to execute strategies. Human capital is Malath's baseline for talent management and determines the organization's ability to be competitive for many years. Part of the Company's plan is to



reskill the large segments of its workforces in the years ahead.

Creating training programs and focusing on long-term re-skilling efforts, coupled with the eLearning academic program hosting more than 1500 courses on its library, designed to help anyone from the company to keep advancing their career. In particular, during 2021, 640 hours in total were spent on training towards technical skills, and soft skills.

Malath is accounting for unique features such as determining women empowerment with the achievement to this day of 26% female employees in total, and with thorough support towards parental compensation of 500 SAR/ month (parental allowance).

The Company is using agile processes and systems that enable greater connectivity to prioritize 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 Cooperative Insurance focuses on redesigning work attributes, relocating workforces, and improving work processes, and gives more emphasis to strategic talent management, where HR functions do not neglect basic administration and compliance with rules, laws, and regulations.

Regional Presence & 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 in general, 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

Malath Strategy

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.

Malath Insurance continues to achieve balanced, steady growth of business & value across all channels through customer-centric strategies and effective compliance.

The motor segment is the largest LOB with

52.2%

Focusing on products, channels, customers, or geographies that are growing at rates that are above the industry average, leads the Company to higher growth potential.

Malath Cooperative Insurance continues to achieve balanced, steady growth of business and value across all channels through customer-centric strategies and effective compliance and risk management as well. Being capable of offering a broader base of services, business streams, implementing a diversified portfolio, presenting a coherent brand, and communicating with one

voice in all regions in Saudi will lead Malath to becoming 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 rethink how work gets done across processes that involve profitability growth balance and regional presence.

Geographical analysis of the company's revenues in 2021:

- The Middle Province - 415,164 (44,32%)
- The Eastern Province - 141,888 (15,15%)
- The Western Province - 125,507 (13,40%)

Leadership in Motor

Being trusted and recognized as a top Motor Insurer in Saudi Arabia, Malath has a strong, regional, well-established presence. The Company understands that the Motor insurance line is becoming more dominant and continues to capture a larger market share. As such, keeping its autonomy as a local brand becomes even more compelling. Malath Co-

operative Insurance operates a vertically-integrated motor insurance line which includes a program that provides comprehensive coverage of the insured vehicle and third-party liability insurance.

The comprehensive motor insurance policy compensates 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. The performance of its motor segment, which is the largest LOB with 52,2 %.

The increase can be attributed to the continued higher sales witnessed in 2021.

Growth in Medical and Property & Casualty

The growth in Medical and General strategy aims to build on Malath's significant experience and history of action for Healthcare and Property and Casualty, evolving to meet the changing needs of customers whilst reinforcing Malath's recognized leadership role in motor, as well as the organi-

zation's potential to design and implement integrated, multi-sector policies and programs. The actions seek to reinforce Malath's mandate to advocate for health by bringing deep field experience to the policy table at regional and national levels.

The strategy also identifies areas where the Company should engage its comparative advantage in comparison to other insurance actors which may bring better results. Recognizing the diversity of contexts in which Malath operates, the strategy provides flexibility for its approaches.

That said, in all contexts, it emphasizes the importance of multi-sector approaches to enhance healthcare development and address underlying causes and programs to strengthen health systems and build resilience towards Property and Casualty, including Property, Engineering, Miscellaneous, Marine, and Protection Insurance for groups, encouraging risk-informed programming in all contexts

By these means, development programs anticipate risks and deliberately build systems that can flexibly respond to

changing circumstances. The health portfolio of general and standalone health insurance is driving the premium growth of the company. Over the course of 2021 the GWP of the Medical portfolio was SAR 389,872 thousand which is significantly higher than the GWP of the last year in same period which was SAR 294,965 thousand.

Whereas, the Gross Written Premium (GWP) of the Property & Casualty portfolio is SAR 59,785 thousand in 2021 compared to the last year which was SAR 85,014 thousand.

Risk Management



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

The Company continuously optimizes the risk management framework, standardizes 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.

Risks that the company may be exposed to

Operations	Finance	Strategy	Underwriting	Compliance
IT	Credit	Facility Governance	Reinsurance	Anti-Money Laundering
HR	Market	Resources & Planning	Products	Behaviors
Relationship Management	Liquidity	Work & Initiatives	Pricing	
Sales and Marketing		Business Continuity	Underwriting Policy	Regulatory Requirements
Claims		Investor Relationships		Legal Controls

Table 1.1

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

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.

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 2021, Malath focused on operational risks and its 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 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 macro-economic 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, new technology trends and to protect and enhance the company's reputation, brand, and trust.

In 2021, 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

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

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.

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.



IT and Cybersecurity Risk

Malath is pursuing strategies that include IT legacy systems transformation and digitalization, such as the development of a self-serving device. Until the newly implemented systems are available, the Company may be exposed to IT risks. In managing IT risk, Malath sets its own safety standards for planning, development, operation and use of computer systems; conduct related compliance checks; and provide periodic instruction and guidance on appropriate usage.

Malath has also implemented a wide variety of multi-layered security measures to deal with potential defects, faulty computer system operations, and illicit use. The Company has put measures in place to counter cyberattacks and related issues, and is continually working to strengthen these with multi-layered protection and detection measures, thorough education and training on information security for all executives and employees, cooperation with external expert organizations, promotion of security countermeasures and so forth.

HR Risk

HR risk is one that occurs 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 keeps up with a wide range of responsibilities, including the identification of staffing needs, organizational development, recruiting, hiring, onboarding, training, retention and ensuring a positive experience for employees. Considering compensation is one of the largest costs in service organisations, it often represents 70% to 80% of business costs. Adding in the costs of training and other HR management activities, it can be seen that the HR function often has responsibility for a very large portion of total expenditures, and this portion is growing.

Risk Management



Reinsurance Risk

Reinsurance risk refers 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. In order to minimise financial exposure arising from large claims, the Company, in the ordinary course of business, enters into agreements with other parties for reinsurance purposes.

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

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.



Claims Management Risk

Claims management risk 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.

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 & marketing risk is the potential 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.

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

Risk Management



in developing new insurance products and also settling for existing products.

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 payment 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 regula-

tion 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, regulatory and supervision on insurance are particularly directed to the insurer interest and investors.



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

Hence, Malath is continuously working on developing its internal systems to meet the regulatory advanced requirements.

Legal Controls Risk

Malath conducts its business in accordance with the Cooperative Insurance Companies

Risk Management

Control Law and its implementing regulations in force in the KSA.

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 2021 amounted to 30 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. As a result, the Company sought to expand sale channels including e-sales allowing all citizens and residents to benefit from these services easily. The Company seeks to create innovative methods for sales and claims and provide better services to customers simultaneously with

technology developments and customer requirements.

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

The financial results of Malath partially depend on its investment performance. The Company's profitability may be affected by the increase and decrease of investment returns from time to time as a result of circumstances and risks that affect such investments and market fluctuations, global and domestic circumstances.

Hence, the company tends to diversify its investments and select the best investment tools in relation to its investment plans and potential risks.

Applying IFRS 17

IFRS 17 aims to unify insurance accounting globally 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 Company's financial position, performance, cash flow, and risk exposure.

Diseases & Viruses Risk

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.

Collection Risk

The effect of the Coronavirus pandemic on the business sector has led to a decrease in liquidity for a large percentage of companies. Accordingly, Malath recognizes the risk of difficulty in collecting its receivables. Thus, collection policies and procedures have been enacted and each premium request shall be examined by the financial department.

Forward-Looking

As a result of the crisis and what happened in the market, lessons were learned which are being used in formulating the plan for the upcoming year. Malath aims to start exploring the key macro themes that the Company believes are particularly relevant to insurers and which must be responded to in a fundamental way in order 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 information security and cyber risk scenarios to effectively focus on actions and adequate resource allocation. Another main objective to be achieved by the Company is improving its reputation.

Malath plans to proactively manage reputation risks, avoid or minimize negative issues impacting the reputation of the Company and build trust among all of its stakeholders. Malath Cooperative Insurance aims to diversify its portfolio by attracting big, key clients from the region. The Company will continue to open up to new audiences and continue its mission of digitalization to continue being one of the industry leaders.

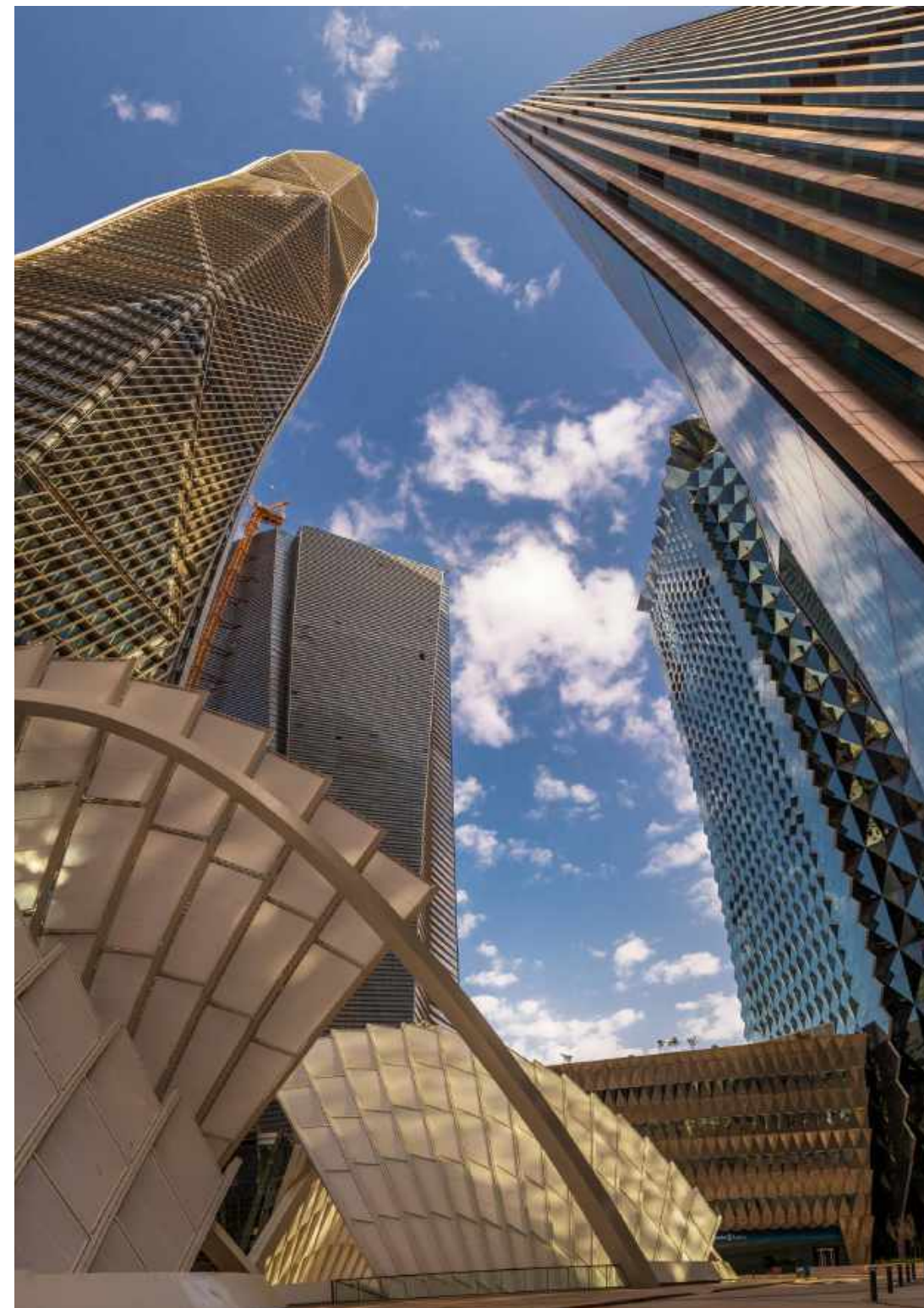
Business Review

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.

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 recognizing 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 custom-

Business Review

500_M

SAR of fully paid-up capital

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

Malath Cooperative Motor Insurance

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 compa-

nies 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 customer 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.

Motor insurance policy compensates up to SAR

10_M

Business Review

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.

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



Third-Party Car Insurance

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

Malath Cooperative Health Care Insurance

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 the Saudi Arabia health insurance market. Resulting from the growing industrialisation and increasing job opportunities, expatriates from all around the globe are migrating to the country, activating the growth of the healthcare and health insurance sector.



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

The health insurance market consolidation is set to continue into 2022. This is a clear directive from regulators who want to ensure the financial strength of local insurance companies. Despite lingering concerns about Covid-19 variants, Malath, like most insurers, relies on the accelerated economic recovery and continuation

of increased focus on digital technology innovations.

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

In 2021 healthcare delivery and management became more consumer-centric as tools powered by artificial intelligence and virtual patient care provider interactions became the new norm. The health care insurance industry continued to adopt the latest technology in its operations and services provided to customers, thus increasing the digitalization

level of a large number of procedures.

At Malath, digitalization is implemented from the start of the sales process until the final claim settlement in order to improve the quality of service and increase customer satisfaction.

Malath Cooperative Insurance is well-positioned to meet customers' needs. 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 for 41,3 % of the Company's total revenue. Malath's health insurance protects an insured individual against financial losses arising due

Business Review



to a medical emergency and it covers medical treatment expenditures. The Company provides health care insurance for individuals, small and large groups. Malath continues to invest in, and build, healthcare services capabilities. Malath has its own Medical Insurance Program for Small & Medium Enterprises, developed to meet customers' needs in terms of benefits, budget, health benefits, and quick services. The SME program has a number of various plans and classes which are available to suit the customer's choice. It

covers all Saudi and non-Saudi employees and their families.

Malath Cooperative P&C Insurance

P&C insurance isn't a single type of insurance. It's an umbrella term that describes many types of insurance policies, including engineering, marine, miscellaneous and inherent defects insurance. P&C insurance can be purchased by an individual to protect personal assets from damage or depletion as a result of a third party liability claim.

Businesses can also purchase property and casualty insurance for the same reasons.

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

- Property insurance
- Engineering insurance
- Miscellaneous insurance
- Marine insurance
- Inherent defect insurance

Malath provides tailored coverage programs against

miscellaneous accidents through customized solutions and offers various policies, which are comprehensive in coverage to cater to ever increasing exposures. The Company offers the following miscellaneous insurance plans:

- Comprehensive general liability insurance
- Product liability insurance
- Money insurance in transit/in safes
- Personal accident insurance
- International travel insurance
- Fidelity guarantee insurance
- Glass insurance
- Workmen compensation and employers liability insurance
- Burglary insurance
- Medical malpractice insurance.

Malath Cooperative Insurance 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:

- Physical damage to the Premises.
- The threat of imminent collapse to the Premises, which 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

Business Review

Malath's 2022 strategy will focus on profitability & consolidating the position as a leading underwriter for Motor, Health insurance and as a competitor in the general segment.



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.

Prospects for 2022

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 local brand and reputation help it to continue to attract the most talented people in the industry, thus, leading to the focus on improving customer satisfaction and retention rates.

In 2022 the Company will continue to maintain its solid financial position and reassure customers that Malath will be there when needed to handle claims and reassure partners that the Company has a well-earned positive reputation as a business and an employer.

Malath's 2022 strategy to deliver long-term competitive advantage will focus 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 Cooperative 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.



CFO's Review

► Our journey is well underway in line with our strategic intent. We undertook significant corporate action and made portfolio changes during the year. Our strategic transformation is still a work in progress, the strides we have made in the last two years have begun to show in the numbers.

Our results demonstrate remarkable resilience in persistently harsh conditions and reflect substantial underlying operational recoveries and year performance. Revenue grew by 21% to SAR 942 million, up from SAR 781 million in the prior year.

A recovery in volumes across most of our business lines as COVID-19 lockdown restrictions eased in the market.

We focused on closely managing our cash flows, reducing overhead costs and maintaining our capital position during the year, allowing us to navigate the ongoing uncertainty and manage the impact of COVID-19 on our results. It gave us the financial capacity to drive commercial opportunities, supported by progress on our strategic transformation.

Quality and expediency of analytical and reporting activities are at the heart of Malath's decision making and having the power of promoting a success or instigating a failure in the fast-paced environment of the present economy as a holistic understanding of how old parts of a business are interconnected and affect each other.

Malath focuses on finding solutions that satisfy all function's needs along the company's values chain and creating a data flow with minimal gaps. As a result, the company has risen itself above the scope of direct functional responsibilities and defined its position from a holistic point of view as an integral part of its mechanism. Through 2021, Malath has been at the pace of building a partnership with

the provider, developing the investment portfolio, expanding regional sales, gaining leadership in digitisation and insurtech, caring for staff and client safety, improving cyber security software and information.

On the path of diversifying our activities and expanding our commercial horizons, considering that our company profile is far more vulnerable to the impact of unforeseeable events, (the monetary consequences of a single accident have the potential to lose a big part of cash reserves) alleviating the financial burdens that may result from various contingencies. Therefore, a key area of focus to keep our firm strong has been to accelerate the development of our Enterprise Risk Management function (by reduc-

CFO's Review

ing risk concentration in the course of action for outstanding achievements ahead and, overcoming unforeseen obstacles).

On the practical application of future planning methods, Malath management has learned that the best approach is to be flexible and not stick to one particular standard model.

Malath management always tries to use common sense and digest the best techniques into strategic planning methodology. Performing environmental scanning analysis for those external factors that apply along the lines of STEER. Identifying the specific industrial market barriers and

opportunities relevant to our company.

Developing the action plan distributing responsibilities and estimating the timeline, plotting the required resources' location, and identifying the implementation milestones from lead performance metrics to measure progress at each BSC (balanced scorecard) stage.

Mr Abdullah Yousef
Al-Husaini

“
Malath focuses on creating a data flow with minimal gaps and maintaining capital position.
”

Geographical Analysis of the Company Revenues

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

Region	2020		2021	
	Total Revenues	Percentage	Total Revenues	Percentage
The Middle Province	370,714	47%	415,164	44.32%
The Eastern Province	90,399	12%	141,888	15.15%
The Western Province	87,707	11%	125,507	13.40%
Head Office	4,389	1%	8,565	0.91%
E-Sales	228,359	29%	250,981	26.21%
Total	781,568	100%	942,107	100%

CFO's Review

Business Results Comparison

For the year ended 31 December 2021

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

Description	2017	2018	2019	2020	2021
Revenues:					
Total underwritten insurance premiums	726,978	729,076	835,236	781,568	942,107
Deduct: Issued reinsurance premiums:	(56,067)	(69,718)	(70,420)	(59,770)	(50,463)
Loss surplus insurance premiums:	(19,745)	(20,508)	(17,278)	(18,890)	(14,257)
Net underwritten insurance premiums	651,166	638,850	747,538	702,908	877,387
Change in unearned insurance premiums	163,684	(47,500)	(83,178)	17,085	(98,675)
Net earned insurance premiums	814,850	591,350	664,360	719,993	778,712
Reinsurance commission	98,008	15,736	17,786	15,052	8,322
Investment income and other revenues	14,761	21,662	31,549	63,567	41,939
Total revenues	927,619	628,748	713,695	798,612	828,973
Costs and expenses:					
Total paid claims	975,630	606,774	558,429	600,381	733,914
Deduct: Insurance replicators share	(71,857)	(82,624)	(29,217)	(47,653)	47,652
Net paid claims	903,773	524,150	529,212	552,728	717,066
Change in claims under settlement	(157,014)	(119,165)	(22,442)	28,709	(29,818)
Net incurred claims	746,759	404,985	506,770	581,437	687,248
Insurance documents underwriting costs	98,018	77,336	71,602	78,930	65,830
Assets non-conformity reserve	(18,471)	-	-	-	-
Provision/ (opposite) doubtful collective debts	(3,000)	11,532	(1,075)	3,187	7,046
Operational and administrative salaries	67,896	71,879	71,151	75,695	75,150
Other general and administrative expenses	47,445	46,030	45,882	36,689	45,546
Total costs and expenses	938,647	611,762	694,330	775,938	880,820
Surplus net/ year (deficit) before Zakat	(11,028)	16,986	19,365	22,673	72,850
Zakat expense added on the period	-	(13,000)	(13,183)	(15,125)	(12,810)
Net surplus converted to document holders	-	(1,356)	(1,000)	-	-
Surplus net / (deficit) converted to shareholder operation list	(11,028)	2,630	5,182	7,548	(85,660)

CFO's Review

Asset and Deductible Comparison

For the year ended 31 December 2021

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

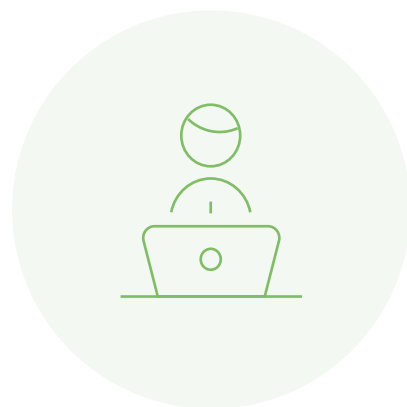
Description	2017	2018	2019	2020	2021
Insurance process assets:					
Cash and cash equivalent	477,898	66,352	98,970	203,466	207,819
Short-term investments	55,000	365,349	360,000	165,284	129,113
Available for sale investments	4,600	3,322	3,372	53,976	61,498
Investments retained for due date	-	-	-	10,000	10,000
Net accounts Receivable	114,853	162,966	183,834	200,224	218,884
Other assets	187,430	157,411	232,681	180,763	209,898
Total insurance process assets	839,781	755,400	878,857	813,713	837,212
Shareholders assets:					
Cash and cash equivalent	220,852	47,791	71,300	356,604	271,562
Short-term investments	163,000	313,000	280,000	-	-
Available for sale investments	35,851	32,299	32,815	62,582	100,128
Other assets	79,667	97,239	117,234	80,376	127,872
Total shareholder assets:	499,370	490,329	501,349	499,562	410,324
Total assets	1,339,151	1,245,729	1,380,206	1,313,275	1,247,536
Insurance process liabilities:					
Reinsurers receivables:	10,287	5,266	11,248	6,840	25,809
Technical reserves	669,400	571,343	692,729	670,518	732,076
Other liabilities	160,094	178,791	174,880	136,355	79,327
Total insurance process liabilities	839,781	755,400	878,857	813,713	837,212
Shareholder rights and liabilities:					
Shareholders liabilities	47,347	35,907	40,880	31,506	29,460
Shareholders rights	452,023	454,422	460,469	468,056	380,864
Total Shareholders' rights and liabilities	499,370	490,329	501,349	499,562	410,324
Total Shareholders' rights and liabilities	1,339,151	1,245,729	1,380,206	1,313,275	1,247,536

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.

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



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 commitment 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 environ-

mentally sustainable growth. The Company recognizes the urgency to positively impact the environment. As a responsible 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 report-

ing 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 continuous 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 management, 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,

Malath Sustainability

prevent information leaks, and protect personal information.

- 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 from 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. Through Malath's business, in the near future, the Company aims to anticipate the risks of climate change and enable the transition to a low-carbon economy. As an example, and to show its commitment to environmental sustainability, Malath uses recyclable paper cups and waste bins in all its offices and branches.

Responsible Customer Relations

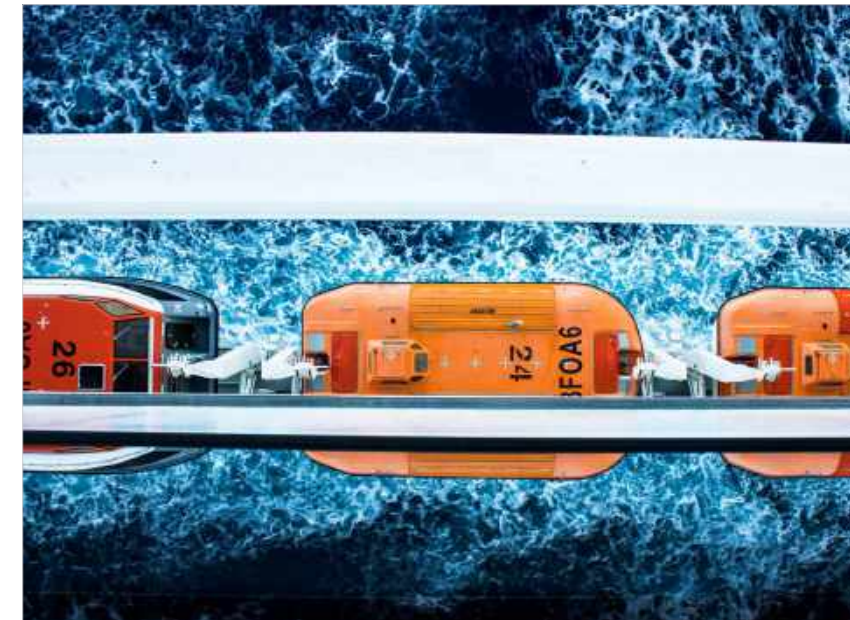
Malath maintains an ongoing level of engagement with key customers. The customer relations strategy helps the Company in building trust with clients and protecting the brand by maintaining a positive image.

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 ar-

reas of complaint. Responsible customer relations involves practising constant execution for its customers, while outperforming 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 develops a high-quality curriculum and online learning including 200 courses for new employees with accurate course recommendations,

including those based on performance, smart, and management recommendation, using technology to disseminate knowledge and identify employees' potential and development needs. Malath has been continuously diversifying and optimising its talent standards and systems.

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

Service analysis of workforce

Number of years of service	Male			Female		
	2021	2020	2019	2021	2020	2019
0-5 years	120	129	146	66	67	66
6-10 years	95	102	102	19	23	17
11-15 years	30	22	13	1	0	0
15-20 years	1	0	0	0	0	0
Over 20 years	0	0	0	0	0	0

Table 2.1

Hours of training by grade

Grade	Total Hours	Hours of Training	%
Senior management	1920	150	8%
Middle management	1920	200	10%
Other	1920	290	15%

Table 2.2

Hours of training that the company's employees have undergone during the year by skills type

Type	No. of persons trained	Hours training
Technical skills	101	269
Soft skills	139	371

Table 2.3

Hours of training that the company's employees have undergone during the year by gender

		Mandatory	Non-mandatory	E-learning
No. of employees	Male	83	15	100
	Female	36	12	100
	Total	119	27	200
Hours of training	Male	166	100	103
	Female	72	96	103
	Total	238	196	206

Table 2.4

Hours of training that the company's employees have undergone during the year by employee category

		Senior Management	Middle Management	Other
No. of employees	Male	26	28	192
	Female	1	7	78
	Total	27	35	270
Hours of training	Male	120	140	174
	Female	30	60	116
	Total	150	200	290

Table 2.5

Malath Sustainability

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 wellbeing. 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.

Workforce analysis

	2021	2020	2019
Total number of employees	332	343	344
% of female employees	26%	26%	24%
% of Saudi employees	73%	70%	69%
% of total hours spent on training	33%	25%	20%

Table 2.6



Malath Sustainability

Employees that worked from home by grade/gender (during lockdown)

Grade	Male	Female	Total	Total In Grade	%
Senior management	0	0	0	23	0%
Middle management	0	0	0	46	0%
Other	100	50	150	274	55%

Table 2.7

54%
of employees worked from home during lockdown

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' con-

sideration 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.

Managing Risk

Malath strives to become a leader in insurance services. To achieve this goal, the Company continuously optimizes the risk management system and has developed a risk management platform. By identifying, evaluating, and mitigating risks, Malath

Malath Sustainability

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

73.5%

Saudization rate of Malath Insurance

Malath has regarded risk management as an integral part of its operations and business 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 optimizes the risk management framework, standardises 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 organizational structure, formulate risk management policy and guidelines, standardize 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 Proce-

dure, Anti-money Laundering, and Terrorism Funding Management Procedure. Regular training is conducted for employees on a half-yearly basis.

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

- 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.
- 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.

- 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.

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.

Malath Sustainability

The Company aims to create an environment that has the experience and diversity of its employees at heart, including dedicated measures to raise awareness of the impact of leadership behaviours.

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 organization. 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. This year, Malath Cooperative Insurance achieved a Saudization rate of 73,5%, of which 26% occupy senior positions, with a view to further increase this number in line with the 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 emphasized 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

Employees by grade and gender

Grade	Male			Female		
	2021	2020	2019	2021	2020	2019
Senior management	27	23	24	1	0	0
Middle management	28	38	38	7	8	2
Other	198	192	199	78	82	81

Table 2.8

Male : female salary ratio

	2021	2020	2019
Male : female salary ratio - senior management	4%	0%	0%
Male : female salary ratio - middle management	21%	16%	4%
Male : female salary ratio non - management	30%	29%	28%

Table 2.9



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

Governance Report 101

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 fourth session, commencing from April 16th, 2019, and continuing for three years at the Ordinary General Assembly held on 11/08/1440 H, corresponding to 16/04/2019 G. All directors were provided with the company's regulations and rules applicable in KSA.

The following directors were elected:

#	Director Name	Capacity	Membership Type		
			Independent	Non-Executive	Executive
1	Mr Mamdouh bin Saud Al Sharhan	Chairman	✓		
2	Mr Mohammed bin Ali Al Ammari	Vice-Chairman		✓	
3	Mr Basem bin Abdullah Al-Sallom	Board Member	✓		
4	Mr Amr bin Abdul Razzaq Alnemari	Board Member	✓		
5	Mr Amr bin Abdullah bin Shalhoub	Board Member	✓		
6	Mr Fawaz bin Abdul Rahman Al-Hajji	Board Member			✓
7	Mr Abdul Mohsen bin Mohammed Al Saleh	Board Member		✓	
8	Mr Badr bin Ali Al Ali	Board Member		✓	
9	Mr Salman bin Naser Al-Hawawi*	Board Member	✓		

* The member, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2021

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

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

Current					
#	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
1	Mr Mohammed bin Ali Humaidan Al-Ammari	Watan Investment Company	Inside KSA	Joint-stock	Director
		Wajif Company for Insurance Brokerage Services	Inside KSA	Limited Liability	Chairman of BOD
2	Mr Abdulmohsen bin Mohammed Abdul Rahman Al Saleh	FALCOM Financial Services Company	Inside KSA	Non-joint stock	Founder and Director
		Massader Holding Company	Inside KSA	Non-joint stock	BOD Chairman

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:

Previous			
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
Tabuk Fisheries Company	Inside KSA	Joint-stock	Chairman of BOD and Managing Director
Food Products Company (Wafra)	Inside KSA	Joint-stock	Chairman of BOD and Managing Director
Tabuk Cement Company	Inside KSA	Joint-stock	Deputy BOD Chair- man
International Insurance Company	Inside KSA	Joint-stock	Director
Jazan Company for Agricultural Development	Inside KSA	Joint-stock	Director
Saudi Orix Financial Leasing Company	Inside KSA	Joint-stock	Director
Al-Baha Investment and Develop- ment Company	Inside KSA	Joint-stock	Director
Saudi Industrial Exports Company	Inside KSA	Joint-stock	Director
Filing and Packing Materials Manu- facturing Co.	Inside KSA	Non-joint stock	BOD Chairman
Saudi Industrial Exports Company	Inside KSA	Joint-stock	BOD Chairman
Barclays Bank Saudi Arabia	Inside KSA	Non-joint stock	Director
Warehousing & Logistics Services Company	Inside KSA	Non-joint stock	Director
Saudi American Bank	Inside KSA	Joint-stock	Consultant
Citibank Saudi Arabia	Inside KSA	Non-joint stock	Deputy Chairman and Head of Banking Services

Corporate Governance

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

Current					
#	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
3	Mr Basem bin Abdullah Al Sallom	Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Member of the BOD, Chairman of the Investment Committee, Member of the Risk Committee, Member of the Nomination and Remuneration Committee
		Fawaz Abdul Aziz Al Hokair and Partners Company	Inside KSA	Joint-stock	Board member
		SURE Global Tech Company	Inside KSA	Non-joint stock	Managing Director of SURE Global Tech Company
		Bin Yaala Exchange Company	Inside KSA	Solidarity	Board member
		SURE Payments Information Technology	Inside KSA	Non-joint stock	Board member
		BAS Investment company	Inside KSA	Non-joint stock	Executive
4	Mr Mamdouh bin Saud Al Sharhan	Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Chairman of BOD
		Mubadala for investment	Outside KSA	Joint-stock	Deputy Chairman
		Itqan For murabhat and funds	Inside KSA	Investment fund	Board member

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:

Previous			
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
Nomou Multimedia Company	Inside KSA	Non-joint stock	Managing Director
Saudi Export Development Authority	Inside KSA	Governmental entity	Board member
Saudi Arabia General Investment Authority	Inside KSA	Governmental entity	An agent of the Au- thority's Governor and a director
General Authority of Civil Aviation	Inside KSA	Governmental entity	Deputy-Chairman and Chairman of the Exec- utive Committee
El-Faleh Sports House Company	Inside KSA	Joint-stock	Board member
Nama Chemicals Group	Inside KSA	Joint-stock	Director and Audit Committee chairman
Hail Cement	Inside KSA	Joint-stock	Director
Saudi Korean for maintenance	Inside KSA	Limited Liability	Director
Saudi Real Estate Infrastructure Company (BINYAH)	Inside KSA	Joint-stock	Audit Committee Member

Corporate Governance

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

Current					
#	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
5	Mr Amr bin Abdul Razzaq Alnemari	Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Director
6	Mr Badr bin Ali Al Ali	National Finance service Company	Inside KSA	Joint-stock	CEO
		Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Director
7	Mr Amr bin Abdul-lah bin Shalhoub	Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Director
		Civil Aviation Holding Company	Inside KSA	Holding	Deputy Manager of the Central Region for Executive Offices
8	Mr Fawaz bin Abdul Rahman Al-Hijji	Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Director, CEO and Managing Director
		Saudi Tadawi Healthcare Company	Inside KSA	Joint-stock	Director - Nomination and Remuneration 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:

Previous			
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
The Cooperative Insurance Company (Tawuniya)	Inside KSA	Joint-stock	Chief Financial Officer
BAE Systems	Inside KSA	Joint-stock	Director of Financial Operations
Aljomaih Automotive Company	Inside KSA	Joint-stock	Cost Controller
Nass Company	Inside KSA	Non-joint stock	Treasury Manager
-	-	-	-
Najm Insurance Services Company	Inside KSA	Joint-stock	Chief Executive Officer (CEO)
-	-	-	-
-	-	-	-
Malath Cooperative Insurance Co.	Inside KSA	Joint-stock	Deputy CEO - Auto Insurance
The Company for Cooperative Insurance (Tawuniya)	Inside KSA	Joint-stock	Deputy CEO - Auto Insurance

Corporate Governance

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

Current				
#	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
9	Mr Salman bin Nasser Al-Hawawi*			

* The member, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2021

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:

Previous			
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
Malath Cooperative Insurance Co.	Inside KSA	Joint-Stock Company	Deputy-Chairman of BOD, Chairman of the Risk Committee and a member of the Investment Committee
Saudi Company for Advanced Industries	Inside KSA	Joint-Stock Company	Independent director, Chairman of the Nomination and Remuneration Committee, and a member of the Investment Committee
Industrialisation & Energy Services	Inside KSA	Joint-Stock Company	Independent Member of the Audit Committee
Saudi Real Estate	Inside KSA	Joint-Stock Company	A director and Member of Audit Committee

Corporate Governance

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.

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

During 2021, the BOD held four (4) meetings according to the attendance record shown in the table below:

#	Name	Membership	11/03	08/06	07/709	22/12
1	Mr Mamdouh bin Saud Al Sharhan	Chairman	✓	✓	✓	✓
2	Mr Mohammed bin Ali Al Ammari	Vice-chairman	✓	✓	✓	✓
3	Mr Basem bin Abdullah Al Sallom	Director	✓	✓	✓	✓
4	Mr Amr bin Abdul Razzaq Alnemari	Director	✓	✓	✓	✓
5	Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓
6	Mr Fawaz bin Abdul Rahman Al-Hijji	Director	✓	✓	✓	✓
7	Mr Abdulmohsen Mohammed Al Saleh	Director	✓	✓	✓	✓
8	Mr Badr bin Ali Al Ali	Director	✓	✓	✓	✓

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 inter-

nal 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 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 exter-

nal 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

The Audit Committee has held seven (7) meetings during the year 2021 to implement the tasks assigned and previously mentioned according to the attendance record below

#	Name	Membership	Current session - the year 2021						
			02/03	13/04	04/05	08/08	01/11	29/11	*22/12
1	Mr Amr bin Abdul Razzaq Alnemari	Chairman	✓	✓	✓	✓	✓	✓	✓
2	Mr Saleh Abdulrahman Al Ismaeel	*Member	✓	✓	✓	✓	✓	✓	✓
3	Mr Saad bin Saud Al Tayyar	*Member	✓	✓	✓	✓	✓	✓	X

*The seventh meeting held with BOD meeting

*Member of the committee from outside the Board of Directors

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 eight (8) meetings during the year 2021 to implement the tasks assigned and previously mentioned according to the attendance record below

#	Name	Membership	Current session - the year 2021							
			09/02	03/03	04/05	06/07	19/08	05/10	08/11	07/12
1	Mr Mamdouh bin Saud Al Sharhan	Chairman	✓	✓	✓	✓	✓	✓	✓	✓
2	Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓	✓	✓	✓	✓
3	Mr Fawaz bin Abdul Rahman AL-Hijji	Director	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr Badr bin Ali AL Ali	Director	✓	✓	✓	✓	✓	✓	✓	✓

Corporate Governance

The Risk Committee has held four (4) meetings during the year 2021 to implement the tasks assigned and previously mentioned according to the attendance record below

Name	Membership	Current session - the year 2021			
		25/05	23/06	14/10	20/12
1 Mr Amr bin Abdullah bin Shalhoub	Chairman	✓	✓	✓	✓
2 Mr Bassem bin Abdullah Al-Salloum	Director	✓	✓	✓	✓
3 Mr Mohammed Ali AlAmmari	Director	✓	✓	✓	✓
4 Mr Amr bin Abdul Razzaq Alnemari	Director	✓	✓	✓	✓

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 procedure 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 2021 to implement the tasks assigned and previously mentioned according to the attendance record below

#	Name	Membership	Current session - the year 2021	
			22/03	30/12
1	Mr Bassem bin Abdullah Al-Salloum	Chairman	✓	✓
2	Mr Mamdouh bin Saud Al Sharhan	Director	✓	✓
3	Mr Abdul Mohsen bin Mohammed Al Saleh	Director	✓	✓
4	Mr Badr bin Ali Al Ali	Director	✓	✓

Corporate Governance

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 2021 to implement the tasks assigned and previously mentioned according to the attendance record below

#	Name	Membership	Current session - the year 2021			
			24/05	23/06	14/10	20/12
1	Mr Bassem bin Abdullah Al-Salloum	Chairman	✓	✓	✓	✓
2	Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓
3	Mr Fawaz bin Abdul Rahman Al-Hijji	Director	✓	✓	✓	✓

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

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	١٧٥	٢٠	٥٠	-	-	-	٢٤٥	-	١٠٠	-	-	-	١٠٠	-	٣٤٥	-
2	Mr Basem bin Abdullah Al Sallom	١٧٥	٢٠	٥٠	-	-	-	٢٤٥	-	١٠٠	-	-	-	١٠٠	-	٣٤٥	-
3	Mr Amr bin Abdul Razzaq Alnemari	١٧٥	٢٠	٥٠	-	-	-	٢٤٥	-	١٠٠	-	-	-	١٠٠	-	٣٤٥	-
4	Mr Amr bin Abdullah bin Shalhoub	١٧٥	٢٠	٨٠	-	-	-	٢٧٥	-	١٠٠	-	-	-	١٠٠	-	٣٧٥	-
Total		٧٠٠	٨٠	٢٣٠	-	-	-	١,٠١٠	-	٤٠٠	-	-	-	٤٠٠	-	١,٤١٠	-
Second: Non-Executive Members																	
1	Mr Mohammed bin Ali Al Ammari	١٧٥	٢٠	٢٠	-	-	-	٢١٥	-	١٠٠	-	-	-	١٠٠	-	٣١٥	-
2	Mr Abdulmohsen Mohammed Al Saleh	١٧٥	٢٠	١٠	-	-	-	٢٠٥	-	١٠٠	-	-	-	١٠٠	-	٣٠٥	-
3	Mr Badr bin Ali Al Ali	١٧٥	٢٠	٥٠	-	-	-	٢٤٥	-	١٠٠	-	-	-	١٠٠	-	٣٤٥	-
Total		٥٢٥	٦٠	٨٠	-	-	-	٦٦٥	-	٣٠٠	-	-	-	٣٠٠	-	٩٦٥	-
Third: Executive Members																	
1	Mr Fawaz bin Abdul Rahman AL-Hijji	١٧٥	٢٠	٦٠	-	-	-	٢٥٥	-	١٠٠	-	-	-	١٠٠	-	٣٥٥	-
Total		١٧٥	٢٠	٦٠	-	-	-	٢٥٥	-	١٠٠	-	-	-	١٠٠	-	٣٥٥	-
Third: Independent Members of the Audit Committee - Non-Board Members																	
1	Mr Saad bin Saud Al Tayyar	-	-	٣٠	-	-	-	٣٠	-	١٠٠	-	-	-	١٠٠	-	١٣٠	-
2	Mr Saleh Abdulrahman Al Ismaeel	-	-	٣٥	-	-	-	٣٥	-	١٠٠	-	-	-	١٠٠	-	١٣٥	-
Total		-	-	٦٥	-	-	-	٦٥	-	٢٠٠	-	-	-	٢٠٠	-	٢٦٥	-

* The bonuses mentioned in the table are for the year 2021

* 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

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 2021

#	The member	Fixed remuneration (Excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Executive Committee Members				
1	Mamdouh bin Saud Al Sharhan	-	40	40
2	Fawaz bin Abdul Rahman Al-Hjji	-	40	40
3	Badr bin Ali Al Ali	-	40	40
4	Amr bin Abdulllah bin Shallhoub	-	40	40
Total			160	160
Audit Committee Members				
1	Amr Abdul Razzaq Alnemari	100	30	130
2	Saad Saud Al Tayyar	100	30	130
3	Saleh bin Abdulrahman Al Ismaeel	100	35	135
Total		300	95	395
Remuneration and Nomination Committee Members				
1	Abdulmohsen Mohammed Al Saleh	-	10	10
2	Basem bin Abdulllah Al Sallom	-	10	10
3	Mamdouh Bin Saud Al Sharhan	-	10	10
4	Badr bin Ali Al Ali	-	10	10
Total			40	40

#	The member	Fixed remuneration (Excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Risk Committee Members				
1	Amr bin Abdulllah bin Shallhoub	-	20	20
2	Basem bin Abdulllah Al Sallom	-	20	20
3	Mohammed bin Ali Al Ammari	-	20	20
4	Amr bin Abdul Razzaq Alnemari	-	20	20
Total			80	80
Investment Committee Members				
1	Basem bin Abdulllah Al Sallom	-	20	20
2	Amr bin Abdulllah bin Shallhoub	-	20	20
3	Fawaz bin Abdul Rahman Al-Hjji	-	20	20
Total			60	60

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 remuneration.

Corporate Governance

nerations 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.

Significant Activities of the Audit Committee

The Audit Committee held 7 meetings during the year of 2021, including the annual meeting of the Audit Commit-

tee 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 audit plan submitted by the Internal Audit Department for the fiscal year 2021, which is based on the company's degree of risk, after discussing it and following up on its implementation according to the specified schedule.
- Recommending the appointment of the company's external auditors and determining their fees from among the candidates to audit the company's accounts for the year 2021 and the first quarter of the year 2022, where the committee recommended the appointment of Al-Bassam and Al-Nimr and Al-Azm and Al-Sudairi offices.
- Discussing the company's quarterly financial statements and recommending the Board of Directors to approve them after reviewing and discussing them with the executive

management and external auditors.

- Approving the compliance management plan for the year 2021.
- Discussing the results of the work of the internal audit department periodically, analysing the risks that the company may be exposed to, studying their impact and modifying them accordingly.
- Discussing and following up the observations received on the company by the regulatory and supervisory authorities, and recommending enhancing compliance with the regulations and instructions issued by them to achieve the highest levels of compliance.
- Follow up the work of the company's external auditors and ensure the continuity of their independence and ensure that there are no obstacles affecting the progress of their work and evaluate the level of efficiency and effectiveness of their performance.

- Follow up the compliance department periodically to ensure the company's compliance with the bylaws and regulations issued by the Saudi Central Bank and other legislative bodies.
- Discussing the annual financial statements and recommending them to the Board of Directors for approval after reviewing and discussing them with the executive management and external auditors and submitting them to the General Assembly for approval.
- Studying the notes received from the company's internal and

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

- Follow up on the implementation of the committee's recommendations and observations during its previous meetings.
- Discussing financial policies, regulations and procedures, and decisions related to International Accounting Standard No. 17, Insurance Contracts.
- Discussing accounts receivable balances,

and following up with management regarding collection.

- Follow up the zakat status and related provisions with the executive management.
- Follow-up the important lawsuits filed by the company or against it, and their reasons, to determine their current status and recommend what should be taken in this regard.
- Follow-up of the transformation plan for International Accounting Standard No. 17 Insurance Contracts.

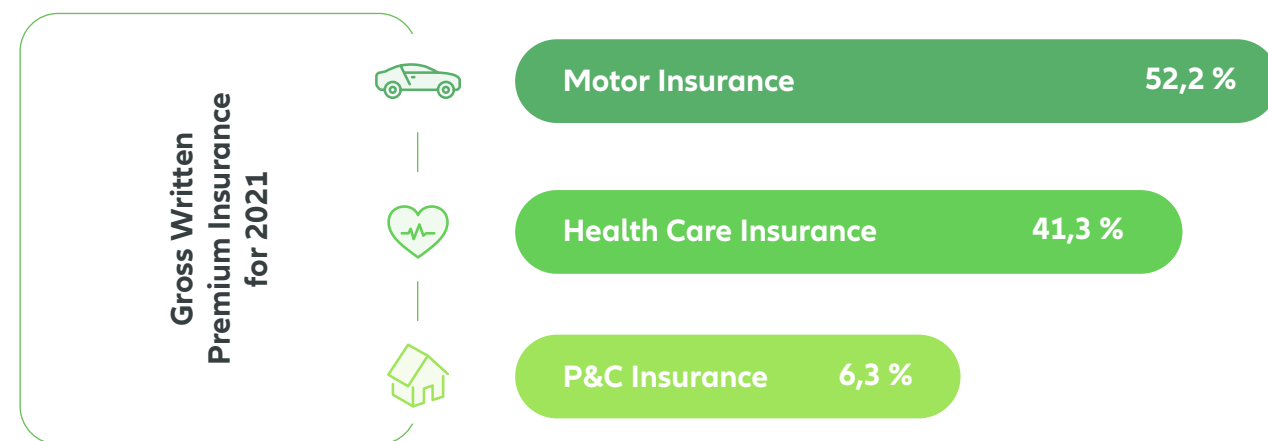
Senior Executives Remuneration in 2021

Amounts in Thousands Saudi Riyals (SAR)

	Fixed remuneration				Variable remuneration			Grand Total
	Salary	Allowance	Benefits in Kind	Total	Annual and Periodic Allowance	Short-term Promotional Plans	Severance Pay	
5 Senior Executives Remuneration including the CEO and CFO	6,869	-	Medical insurance for the employee and his/her family and death and personal accidents insurance according to the company law.	6,869	-	-	378	7,247

Corporate Governance

Major Insurance Lines in the Company Activities

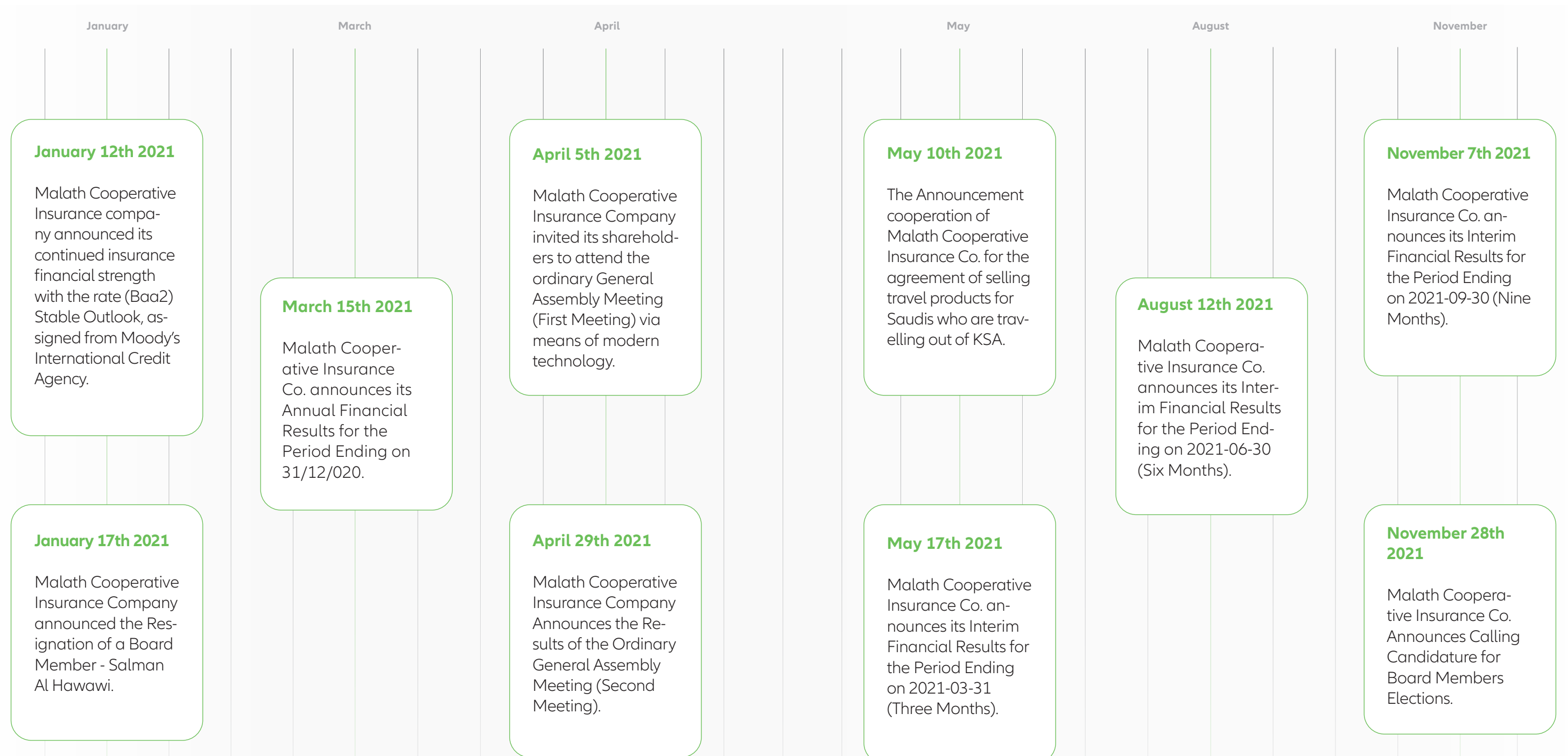


Insurance Line	Product	Percentage of the Gross Insurance Premiums for 2021
Health care Insurance	Healthcare insurance for groups	41,3 %
	Health care insurance for individuals and small groups	
Motor Insurance	Compulsory third-party (CTP) insurance and damage to vehicles	52,2 %
	Comprehensive insurance	
Property and Casualty Insurance	Property insurance	6,3 %
	Engineering insurance	
	Miscellaneous insurance	
	Marine insurance	
	Protection insurance for groups	
	Inherent Defect Insurance	



Corporate Governance

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



Corporate Governance

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 50 million SAR to invest in the Saudi Markets with a reputable 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 2021 remained at 73.5% compared to 72% in 2020.
- The number of employees enrolled in accredited institutes to obtain professional certificates reached

(118) for 2021, compared to (83) in 2020.

- Successfully completed training courses through Malath Electronic Academy exceeded 1500 training courses.
- 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.

Human Resources

- Raising the percentage of Saudization.
- Raising the rate of professional certification for all employees.
- Increasing the number of technical insurance courses and internal lectures.
- Increasing the number of anti-money laundering and combating terrorist courses for all employees, reached 226 special courses compared to 136 in 2020.



Corporate Governance

- Preparing onboarding programs for new employees.
- Applying a succession program for senior management.

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.
- Improving technical services at all internal and external levels, services provided to major clients, insurance brokers and individual clients.
- Contracting and providing insurance services to several banks.

- 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 all insurance brokers.

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 online 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 distinguished 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 2021 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, a number of international days and community events, the most important of which is the presentation of special offers on the occasion of the 91st Saudi National 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 contrib-

utes 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.

Statutory Penalties

Subject matter of violation	Fiscal Year 2021		Fiscal Year 2020	
	Number of Executive Decisions	Total amount of fines in Saudi riyals	Number of Executive Decisions	Total amount of fines in Saudi riyals
Violation of supervisory and regulatory instructions of SAMA.	5	555,000	4	161,406.40
Violation of SAMA instructions on Customer Protection.	-	-		
Violation of SAMA instructions on due diligence in anti-money laundering and combating terrorism financing.	-	-	1	300,000

The total number of executive decisions in 2020 is (5) : (4) included fines, and (1) 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

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

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 Co. authorized the Audit committee to assume the responsibility of independent oversight and control of performance on the control bodies in the company, to examine the initial and annual reports of company, and internal control systems. The committee therefore carried out its functions and responsibilities as detailed in the audit committee regulations, Corporate Governance Bylaws published on the company's website, instructions and rules issued by supervisory and regulatory bodies in accordance with its powers and in the light of the results of the financial statements, information provided by the Executive Management, auditor and internal control framework. The Audit Committee held (7) meetings during 2021 including the annual meeting of the Audit Committee with the Board

of Directors, in order to fulfill Company's business requirements.

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

Based on the forgoing results of the annual audit of the internal control procedures, the Audit Committee opinion on the adequacy of the company's internal control system, performed actions of the Internal Audit Department and Compliance Department as per the plan for the year 2021 adopted by the Audit Committee; and on reviewing and discussing with the Executive Management, the presented reports and remarks made by the internal and external auditors, the Audit Committee concluded no material weakness in the internal control procedures of the company requiring due diligence.

There are no reservations or restrictions to access any information, documents or records of the company. The committee recommends the company's management to

enhance the efficiency and effectiveness of the internal controls, and to adopt constant update of the company's policies and procedures in conformity with the nature of company's activity, business, developments and relevant updates from the supervisory, taking into account the present-day conditions.

Recommendations of the Audit Committee that are refused or inconsistent with decisions of 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) 22/4/2021
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 Abdul Mohsen bin Mohammed Al Saleh	✓
8 Mr Badr bin Ali Al Ali	✓



Corporate Governance

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

* 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

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	2020	Changes + or -	Change percentage
Total underwritten insurance premiums	942,107	781,568	160,539.00	17%
Assigned reinsurance premiums:	(50,463)	(59,420)	8,957	-18%
Surplus loss expenses	(14,257)	(18,890)	4,633	-32%
Net underwritten insurance premiums	877,387	702,908	174,479	20%
Earned insurance premiums	778,712	719,993	58,719	8%
Reinsurance commission	8,322	15,052	(6,730)	-81%
Other revenues	1,016	4,996	(3,980)	-392%
Net incurred claims	(687,248)	(581,438)	(105,810)	15%
Deferred underwriting costs	(65,830)	(78,930)	13,100	-20%
Consumption	(1,954)	(1,699)	(255)	13%
Other operational expenses	(125,788)	(113,872)	(11,916)	9%
Operational profit (loss)	(113,773)	(35,898)	(77,875)	68%
Investment profit	30,394	32,980	(2,586)	-9%
Other profits	10,529	25,591	(15,062)	-143%
Profits (loss) of the financial year ended on 31 December (before Zakat)	(72,850)	22,673	(95,523)	131%
Transferred to document holders	-	-	-	-
Profits (loss) of the financial year ended on 31 December (before Zakat)	(72,850)	22,673	(95,523)	131%

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

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 Tad-awul 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

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

#	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 Mamdouh bin Saud Dakhel Al Shahrani	98	-	98	-	-	-
2	Mr Mohammed bin Ali Al Ammari	14,275	-	14,275	-	-	-
3	Mr Abdul Mohsen bin Mohammed Al Saleh	400	-	400	-	-	-
4	Mr Amr bin Abdullallah bin Shallhoub	100	-	100	-	-	-
5	Mr Badr bin Ali Al Ali	20	-	20	-	-	-
6	Mr Fawaz bin Abdul Rahman Al-Hijji	4,500	-	4,500	-	-	-
7	Mr Amr bin Abdul Razzaq Alnemari	1,000	-	1,000	-	-	-
8	Mr Basem bin Abdullallah Al Sallom	250	-	250	-	-	-
9	Mr Salman bin Nasser Al-Hawawi*	1,000	-	0	-	-	100%

* The member, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2021

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

#	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 2021, 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

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	03/01/2021	Company procedures
Second application	29/03/2021	Company procedures
Third application	22/04/2021	Company procedures
Fourth application	28/04/2021	General Assembly
Fifth application	25/05/2021	Company procedures
Sixth application	05/07/2021	Company procedures
Seventh application	26/08/2021	Company procedures
Eighth application	11/10/2021	Company procedures
Ninth application	29/12/2021	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

2021				
Description	Paid	Due at the end of the annual financial period and unpaid	Brief description	Reason description
Zakat	9,883,990		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
Tax	76,086,083	4,629,395	The paid amount belonging to withholding tax and VAT are for the period from January to November 2021. December 2021 VAT is due on 31 Jan 2022.	Regulatory requirement
SAMA	4,650,279	3,140,144	SAMA Inspection fees	Regulatory requirement
CCHI	5,060,951	666,077	CCHI Inspection fees	Regulatory requirement
General Organisation for Social Insurance	7,341,711	628,618	Due amount to the organisation if for Dec 2021 subscriptions for which due date is 15 Jan 2022.	Regulatory requirement
Visa and passport costs	159,173	-	Non-Saudi employee visa issuance costs - paid	Regulatory requirement
Labour Office Fees	615,655	-	Non-Saudi employee business cards - paid	Regulatory requirement

Corporate Governance

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

The company has a saving scheme for employees whereby a fixed percentage of employees' salaries is deducted. The employees registered in the scheme are 26 employees by the end of 2021 and in the amount of SAR 1.689 Million.

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 com-

pany 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 financial standards, and in accordance with the Company's bylaws and Articles of Association with respect to the preparation and publishing of financial statements.

11. There are no differences from the standards approved by the Saudi Organization for Certified Public Accountants (SOC-PA), 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 Ex-

ecutive 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. There were no comments received by the shareholders regarding the Company and its performance.
16. The Company has no treasury shares.



05

Financial Statements

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Financial Statements

Independent Auditors' Report to the Shareholders of Malath Cooperative Insurance Company

Opinion

We have audited the financial statements of Malath Cooperative Insurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2021 and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements from 1 to 28, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and

pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2021.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Valuation of insurance contract liabilities

Key audit matter

As at 31 December 2021, the gross outstanding claims including claims incurred but not reported (IBNR) and other technical reserves amounted to SR 302 million (2020: SR 336 million) as reported in Note 7 of the financial statements.

The estimation of insurance contract liabilities involves a significant degree of judgment. The liabilities are based on the best-estimate of ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claim handling costs.

The company principally uses an external actuary ("management actuary") to provide them with the estimate of such liabilities. A range of methods are used by the actuary to determine these provisions which were based on a number of explicit or implicit assumptions relating to the expected settlement amounts and settlement patterns of claims.

We considered this as a key audit matter as the valuation of insurance contract liability require the use of significant judgments and estimates.

Refer to Note 2(d)(i) to the financial statements which explains significant accounting policies, the valuation methodology used by the Company and critical judgments and estimates.

How the matter was addressed in our audit

We performed the following procedures:

- Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence.
- Understood, evaluated and tested key controls around the claims handling and provision setting processes.
- Performed substantive tests on the amounts recorded for sample of claims notified and paid: including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.
- Obtained sufficient audit evidence to assess the integrity of data used as inputs into the actuarial valuations, we tested on sample basis, the completeness and accuracy of underlying claims data utilized by the Company's actuary in estimating the IBNR by comparing it to accounting records.
- Challenged management's methodologies and assumptions, through assistance by an actuary engaged by us as auditor's expert to understand and evaluate the Company's actuarial practices and the provisions established. In order to gain comfort over the actuarial report issued by management's expert our actuary performed the following:
 - Evaluated whether the Company's actuarial methodologies were consistent with those used in the industry and with prior periods. We sought explanation from management for any significant differences;
 - Assessed key actuarial assumptions including claims ratios, and expected frequency and severity of claims. We assessed these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge;
 - Reviewed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivities to the key assumptions.
- Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Financial Statements

Other Information

Management is responsible for the other information. Other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

The annual report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management & Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and the Company's bye-laws / Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to

do so. Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs), as endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial state-

ments. As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors'

report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be expected to be From the matters communicated with those charged with governance, we deter-

Financial Statements

The accompanying financial statements present fairly the financial position of the Company as of 31.12.2021, and its financial performance, cash flows for the year in accordance with International Financial Reporting Standards that are endorsed in the KSA.



mine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Bassam & Co.

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Certified Public Accountant
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Certified Public Accountant
Registration No. 283

17 March 2022
14 Sha'ban 1443



Financial Statements

Statement of Financial Position

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

As of 31 December

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

Assets	Note	2021	2020
Cash and cash equivalents	4	479,381	560,070
Murabaha deposits	5	129,113	165,284
Premiums and reinsurers' receivable net	6	218,884	200,224
Reinsurers' share of unearned premiums	7b	14,487	17,051
Reinsurers' share of outstanding claims	7a	90,130	94,625
Reinsurers' share of claims incurred but not reported	7a	20,802	20,530
Deferred policy acquisition costs	7d	25,618	20,117
Deferred excess of loss premiums		83	-
Available-for-sale investments	8	161,626	116,558
Investment held to maturity	9	19,724	10,000
Prepayments and other assets	10	56,479	26,789
Property and equipment	11	4,846	2,101
Statutory deposit	12	75,000	75,000
Accrued commission income on statutory deposit	12	10,167	9,695
Total assets		1,306,340	1,318,044

Statement of Financial Position (Continued)

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

As of 31 December

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

Liabilities	Note	2021	2020
Policyholders claims payable		33,535	54,955
Accrued and other liabilities	13	94,761	68,917
Reinsurance balances payable		25,809	6,840
Unearned premiums	7b	427,085	330,974
Unearned reinsurance commission	7c	3,488	4,001
Outstanding claims	7a	59,549	94,353
Claims incurred but not reported (IBNR)	7a	209,110	197,889
Additional premium reserve	7a	28,412	39,637
Other technical reserves	7a	4,432	3,664
Accrued reinsurance balance		-	2,409
Due to related parties	21	2	1
Employees' end-of-service benefits	14	20,154	18,209
Accumulated surplus		1,008	5,666
Provision for zakat	15	17,252	20,374
Accrued commission income payable to SAMA	12	10,167	9,695
Total liabilities		934,764	857,584
Equity			
Share capital	16	500,000	500,000
Statutory reserve	17	2,131	2,131
Accumulated losses		(120,408)	(34,748)
Fair value reserve for available-for-sale investments		529	673
Re-measurement reserve of defined benefit obligation		(10,676)	(7,596)
Total equity		371,576	460,460
Total liabilities & equity		1,306,340	1,318,044
Commitments and contingencies	23		

Financial Statements

Statement of Income

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

For the year ended 31 December 2021

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

Revenues	Note	2021	2020
Gross premiums written	7b	942,107	781,568
Reinsurance premiums ceded			
Local		(4,823)	(5,065)
International (includes premium ceded through the local broker)		(45,640)	(54,705)
		(50,463)	(59,770)
Excess of loss expenses		(14,257)	(18,890)
Net premiums written		877,387	702,908
Movement in unearned premiums, net		(98,675)	17,085
Net premiums earned	7b	778,712	719,993
Reinsurance commissions	7c	8,322	15,052
Other underwriting income		1,016	4,996
Net revenues		788,050	740,041
Underwriting costs and expenses			
Gross claims paid		(733,914)	(600,381)
Reinsurers' share of claims paid		16,848	47,652
Net claims paid		(717,066)	(552,729)
Movement in outstanding claims, net		30,310	18,614
Movement in IBNR, net		(10,949)	(24,941)
Movement in additional premium reserve		11,225	(22,323)
Movement in other technical reserves		(768)	(59)
Net claims incurred		(687,248)	(581,438)
Policy acquisition costs	7d	(65,830)	(78,930)
Other underwriting expenses		(21,003)	-
Total underwriting costs and expenses		(774,081)	(660,368)
Net underwriting income		13,969	79,673

Statement of Income (Continued)

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

For the year ended 31 December 2021

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

Revenues	Note	2021	2020
Net underwriting income brought forward		13,969	79,673
Other income/(expenses), net			
Provision for doubtful debts	6	(7,046)	(3,154)
Salaries and staff-related costs	19	(75,150)	(75,695)
Other general and administrative expenses	20	(45,546)	(36,722)
Investment income		30,394	32,742
Other income		10,529	25,591
Reversal of impairment on available for sale investments	8	-	238
Total other income / (expenses), net		(86,819)	(57,000)
Net income for the year		(72,850)	22,673
Net income attributed to insurance operations		-	-
Net income for the year attributable to shareholders before zakat		(72,850)	22,673
Zakat charge of the year	15	(12,660)	(15,125)
Net income for the year attributable to shareholders		(85,827)	7,548
Earnings per share	18		
Basic and diluted earnings per share (Saudi Riyals)		(1.72)	0.15
Weighted average number of shares in issue throughout the year (thousands)		50,000	50,000

Financial Statements

Statement of Comprehensive Income

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

For the year ended 31 December 2021

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

	2021	2020
Net (loss) / income for the year attributable to shareholders	(85,660)	7,548
Other comprehensive income:		
Items that may be reclassified to statements of income in subsequent years		
Change in fair value of available-for-sale investments (note 8)	2,768	11,562
Realised gain traction transferred to statement on income (note 8)	(2,912)	(11,523)
Items that will be not reclassified to statements of income in subsequent years		
Re-measurement loss on end of service benefits	(3,080)	(2,556)
Total other comprehensive income	(3,224)	(2,517)
Total comprehensive (loss) / income for the year attributable to shareholders	(88,884)	5,031
Net income attributable to insurance operations	-	-
Other comprehensive income	-	-
Total comprehensive income attributable to insurance operations	-	-
Total comprehensive (loss) / income for the year	(88,884)	5,031



Financial Statements

Statement of Changes in Equity

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

For the year ended 31 December 2021

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

	Share capital	Statutory reserve	Accumulated losses		Fair value reserve for available-for-sale investments	Re-measurements loss on end of service benefits	Total equity
Balance at 01 January 2021	500,000	2,131	(34,748)		673	(7,596)	460,460
Net loss for the year	-	-	(85,660)		-	-	(85,660)
Change in fair value of available for sale investment	-	-	-		2,768	-	2,768
Realised gain transferred to statement on income	-	-	-		(2,912)	-	(2,912)
Remeasurement loss on defined benefit plan	-	-	-		-	(3,080)	(3,080)
Other comprehensive income	-	-	-		(144)	(3,080)	(3,224)
Total comprehensive income / (loss)	-	-	(85,827)		(144)	(3,080)	(89,051)
Balance at 31 December 2021	500,000	2,131	(120,575)		529	(10,676)	(371,409)
Balance at 01 January 2020	500,000	2,131	(42,296)		634	(5,040)	455,429
Net income for the year	-	-	7,548		-	-	7,548
Change in fair value of available for sale investment	-	-	-		11,562	-	11,562
Realised gain transferred to statement on income	-	-	-		(11,523)	-	11,523
Remeasurement loss on defined benefit plan	-	-	-		-	(2,556)	(2,556)
Other comprehensive (loss) / income	-	-	-		39	(2,556)	(2,517)
Total comprehensive (loss) / income	-	-	7,548		39	(2,556)	5,031
Balance at 31 December 2020	500,000	2,131	(34,748)		673	(7,596)	460,460

Financial Statements

Statement of Cash Flows

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

For the year ended 31 December 2021

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

Cash flows from operating activities	Note	2021	2020
Total income (loss) / for the year before zakat		(72,850)	22,673
Adjustments for non-cash items:			
Depreciation of property and equipment	11	1,954	1,699
(Reversal of impairment) / impairment on available for sale investments	8	-	(238)
Realised gain on disposal of available for sale investment	8	(2,912)	(11,523)
Reversal of zakat provision	15	(5,855)	(7,635)
Provision for employees' end-of-service benefits	14	3,327	2,714
Provision for doubtful debts	6	7,046	3,154
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable		(25,704)	(19,544)
Reinsurers' share of unearned premiums		2,564	487
Reinsurers' share of outstanding claims		4,495	27,602
Reinsurers' share of claims incurred but not reported		(272)	4,946
Deferred policy acquisition costs		(5,501)	7,214
Deferred excess of loss premiums		(2,492)	2,905
Prepayments and other assets		(29,690)	14,959
Policyholders claims payable		(21,420)	13,909
Accrued and other liabilities		2,396	(18,789)
Reinsurance balances payable		18,969	(4,408)
Unearned premiums		96,111	(17,572)
Unearned reinsurance commission		(513)	(800)
Outstanding claims		(34,804)	(46,216)

Statement of Cash Flows (Continued)

Malath Cooperative Insurance Company
(A SAUDI JOINT STOCK Company)

For the year ended 31 December 2021

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

Cash flows from operating activities	Note	2021	2020
Claims incurred but not reported		11,221	19,995
Additional premium reserve		(11,225)	22,323
Other technical reserves		768	59
Accumulated surplus		(4,658)	(3,155)
Due to related parties		1	(1)
Cash from / (used in) operating activities		(45,598)	14,758
Zakat paid	15	(10,077)	(19,336)
Employees' end-of-service benefits paid	14	(4,462)	(1,305)
Net cash from / (used in) operating activities		(60,137)	(5,883)
Cash flows from investing activities			
Decrease / (increase) in Murabaha deposits		36,171	474,716
Additions of property and equipment		(4,699)	(462)
Additions of investment held to maturity		(9,724)	(10,000)
Additions of available for sale investments	8	(71,851)	(165,336)
Proceed from disposal of available-for-sale investments	8	29,551	96,765
Net cash from / (used in) investing activities		(20,552)	395,683
Net change in cash and cash equivalents		(80,689)	389,800
Cash and cash equivalents at the beginning of the year	4	560,070	170,270
Cash and cash equivalents at the end of the year	4	479,381	560,070
Supplemental non-cash information:			
Change in fair value of available-for-sale investments		2,768	11,562
Investment return on statutory deposit		472	1,571
Remeasurement loss on defined benefit obligation		3,080	2,556

Financial Statements

Notes to the Financial Statements

1. Organization and Principal Activities

Malath Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787. The Company's head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia. The objectives of the Company are to engage in providing insurance and related services in accordance with its by-laws and the applicable regulations in the Kingdom of Saudi Arabia.

2. Basis of Preparation

a. Basis of presentation and measurement

Statement of Compliance

These financial statements have been prepared in ac-

cordance with International Financial Reporting Standards (IFRS), as endorsed in the Kingdom of Saudi Arabia by Saudi Organization for Chartered & Professional Accountants (SOC-PA), other standards and pronouncements issued by SOCPA, Law of Companies and the Company's by-laws.

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and measurement at present value of employees' end-of-service benefit obligations.

The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Available-for-sale investment, Investment held to maturity, Property and equipment, Statutory deposit, Accrued income on statutory deposit, Employees' end-of-service benefits

and Accrued commission income payable to Saudi Central Bank (SAMA). All other financial statement line items would generally be classified as current.

The Company presents its statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance

Operations and Shareholders' Operations and presents the financial statements accordingly (Note 26). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are

presented in Note 26 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs.

SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholder's operations.

Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial statements in compliance with IFRSs, the balances and transactions of the insurance operations are amal-

gamated and combined with those of the shareholders' operations. Inter-operation balances and transactions are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

b. Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SR), which is also the functional currency of the Company.

c. Fiscal year

The Company follows a fiscal year ending 31 December.

d. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclo-

sure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimate and judgments used by management in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2020. Following are the accounting judgments and estimates that are critical in preparation of these financial statements:

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- **The ultimate liability arising from claims made under insurance contracts.**

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The provision for claims incurred but not reported

(IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary has also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

- **Impairment of available-for-sale financial assets**

The Company determines that financial assets are impaired when there has been a signif-

icant or prolonged decline in the fair values of the financial assets below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

- **Impairment of receivables**

The Company assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

This assessment of impairment requires judgment. In making this judgment, the Company evaluates credit risk characteristics that con-

sider past-due status being indicative of the ability to pay all amounts due as per contractual terms (Refer note 6).

- **Deferred policy acquisition costs**

Certain acquisition costs related to sale of policies are recorded as deferred acquisition costs and are amortized over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment in statement of income.

- **Additional premium reserve**

Estimation of the premium deficiency reserve is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship

which is expected to be realized in the future.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are summarized below. These policies have been consistently applied to each of the years presented except for and adoption of the amendments to existing standards mentioned below which has no material impact on these financial statements on the current year or prior years and is expected to have an insignificant effect in future years:

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

a. New IFRSs, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

Amendments to standards	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1 and IAS 8	Definition of material	January 1, 2020	The amendments provided a new definition of material and clarified that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.
IFRS 3	Definition of business	January 1, 2020	The amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.
Revised Conceptual Framework for Financial Reporting	Amendments to references Conceptual Frameworks in Standards and updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts	January 1, 2020	The revised Conceptual Framework include some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020	A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") is engaged in a two-phase process of amending its guidance to assist in a smoother transition away from IBOR.
IFRS 16	Covid-19 Related Rent Concessions	June 1, 2020	The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment applies to annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted.



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b. Standards issued but not yet effective.

The Company has chosen not to early adopt the amendments and revisions to the IFRSs, which have been published and are mandatory for compliance for the Company with effect from future dates.

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

Amendments to standards	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase - 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018-2020	January,1 2022	<p>IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p> <p>IAS 41: The amendment removes the requirements in IAS 41 for entities to exclude cash flows for taxation when measuring fair value.</p> <p>IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.</p>
IAS 16	Property, Plant and Equipment Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to Conceptual Framework	January 1, 2022	The amendments as a whole updated IFRS 3 so that it refers to the 2018. Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that were issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
Amendment to IFRS 10 and IAS 28	Sale Contribution Assets between Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

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c. IFRS 17 - Insurance Contracts Overview

Overview

This standard has been published in May, 2017. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4-Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment

contracts with discretionary participating features, provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- embedded derivatives, if they meet certain specified criteria;
- distinct investment components;
- any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

Measurement

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General Measurement Model (GMM) is based on the following “building blocks”:

- a. the Fulfilment Cash Flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows;
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows;
 - a risk adjustment for non-financial risk.
- b. the Contractual Service Margin (CSM) - The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period, the carrying amount of a group

of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services. Since the CSM cannot be negative, changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss.

The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as “direct participating con-

tracts”). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, in addition to the adjustment under GMM, the CSM is also adjusted for:

- the entity's share of the changes in the fair value of underlying items.
- the effect of changes in the time value of money and in financial risks not relating to the underlying items.

In addition, a simplified **Premium Allocation Approach (PAA)** is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts or if the coverage period for each contract in the group is one year or less.

With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The Gen-

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eral Measurement Model remains applicable for the measurement of the liability for incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Effective Date

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2020 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard setting.

The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4 is currently January 1, 2021. Under the current exposure draft, it

is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after January 1, 2023. This is a deferral of 2 year compared to the previous date of January 1, 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standard on its effective date.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance to-

gether with amendments to presentation and disclosures.

Impact

The Company has completed operational and financial gap analysis and currently is in design phase of IFRS 17 implementation which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase and status of the progress made so far by the Company:

Major areas of design phase	Summary of progress
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders.
Operational area	The Company has finalized designing operational aspects of implementation activities in phase 3 and submitted to SAMA, presently company is in phase 4 and in the process of implementing the activities planned in design phase includes establishing comprehensive data policy and data dictionary. The Company has finalized Pranalytix as IFRS 17 vendor solution.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders. All the policy papers have been approved by the Company's IFRS 17 project steering committee.
Assurance plan	The Company is working along with its other stakeholders to finalize the assurance plan for transitional and postimplementation periods.

The Company has completed its first dry run based on certain assumptions and operational simplicity. The Company has planned for second dry run for which the deadline is May 31, 2022. Based on the second dry run, management shall evaluate the results and take action accordingly.

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IFRS 9 - Financial Instruments

This standard was published on July 24, 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

a. Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. A financial asset is measured at amortized cost if both:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

The financial asset is measured at fair value through

other comprehensive income, and realized gains or losses are recycled through profit or loss upon sale, if both conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale.
- the contractual terms of cash flows are SPPI.

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

b. Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

c. Hedge accounting

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective Date

The published effective date of IFRS 9 was 1st January 2019. However, amendments to IFRS 4 - Insurance Contracts: Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts, published on 12th September, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to

mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17- Insurance Contracts) becomes effective.

The amendments introduce two alternative options:

1. apply a temporary exemption from implementing IFRS 9 until the earlier of
 - the effective date of a new insurance contract standard.
 - annual reporting periods beginning on or after January 1, 2021 (The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to January 1, 2022). Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominantly connected with insurance and have not applied IFRS 9 previously.
2. accounting mismatches that may occur before the new insurance con-

tract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning February, 2020:

1. The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities;
2. the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets

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required during the deferral period are included in the Company's financial statements.

Impact Assessment

As at December 31, 2021, the Company has total financial assets and insurance related assets amounting to SR 643 million and 368 million, respectively (2020: 806 million and SR 351 million). Other financial assets consist of available for sale investments amounting to SR 184 million (2020: SR 121

million). The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Other financial assets excluding available for sale investments have a fair value of SR 11 million as at December 31, 2021 (2020: SR 81 million) with no fair

value change during the year. Credit risk exposure, concentration of credit risk and credit quality of these financial assets are mentioned in note 22.

The Company financial assets have low credit risk as at December 31, 2021 and 2020. The above is based on highlevel impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed

analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9: However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

The significant accounting policies used in preparing these financial statements are set out below have been consistently applied unless otherwise mentioned:

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and balances with banks including Murabaha deposits with less than three months maturity from the date of acquisition.

Murabaha Deposits

Murabaha deposits, with original maturity of more than

three months, are initially recognized in the statement of financial position at fair value and are subsequently measured at amortized cost using effective interest method, less any impairment in value, whereas deposits with maturities not exceeding three months are reported under cash and cash equivalents.

Premiums and Reinsurers' Receivable - Net

Premiums receivable are stated at gross written premiums receivable from insurance contracts, less an allowance for any uncollectible amounts. Premiums and reinsurance balances receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of receivable is reviewed for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable, the impairment loss is recorded in "General and administrative expenses" in the statement of income. Receivable balances are derecognized when the Company no longer controls the

contractual rights that comprise the receivable balance, which is normally the case when the receivable balance is sold, or all the cash flows attributable to the balance are passed through to an independent third party. Receivable balances are disclosed in note 7 fall under the scope of IFRS-4 "Insurance Contract".

Deferred Policy Acquisition Costs

Commissions and other costs directly and indirectly related to the acquisition and renewal of insurance contracts are deferred and amortized over the terms of the insurance contracts to which they relate as premiums are earned. Amortization is recorded in the statement of income, as policy acquisition costs.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in accounting estimate.

An impairment review is performed at each financial

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reporting date or more frequently when an indication of impairment arises. When the recoverable amounts are less than the carrying value, an impairment loss is recognized in the statement of income.

Deferred policy acquisition cost is also considered in the liability adequacy test for each financial reporting period.

Liability Adequacy Test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the insurance contracts liabilities net of related deferred policy acquisition costs. In performing these tests management uses current best estimates of future contractual cash flows and claims handling and administration expenses.

Any deficiency in the carrying amounts is immediately charged to the statement of income by establishing a provision for losses arising from liability adequacy tests accordingly. Where the liability adequacy test requires the adoption of new best estimate's assumptions, such

assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

Available for Sale Investments

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Such investments are initially recognized at cost and subsequently measured at fair value. Cumulative changes in fair value of investments are shown as a separate component in the statement of financial position and statement of comprehensive income.

Realized gains or losses on sale of these investments are reported in the statement of income. Dividends, commission income and foreign currency gain/loss on available for sale investments are recognized in the statement of income. Any significant or prolonged decline in value of investments is adjusted for and reported in the statement of comprehensive income as

impairment charges. Fair values of investments are based on quoted prices for marketable securities, or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

Where the fair value is not readily determinable, such investments are stated at cost less allowance for impairment in value, if any.

Impairment and Un-Collectability of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include:



- A breach of contract, such as a default or delinquency in payments;
- Significant financial difficulty of the issuer or debtor;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
 - adverse changes in the payment status of issuers or debtors in the Company;
- national or local economic conditions at the country of the issuers that correlate with defaults on the assets.

If there is objective evidence that an impairment loss on a financial asset exists, the impairment is determined as for assets carried at fair value, impairment is the significant or prolonged decline in the fair value of the financial asset.

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- For assets carried at amortized cost, impairment is based on estimated future cash flows that are discounted at the original effective commission rate.
- For available-for-sale financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of debt instruments classified as available-for-sale, the Company assesses individually whether there is an objective evidence of impairment.

Objective evidence may include indications that the borrower is experiencing significant financial difficulty, default or delinquency in special commission income or principal payments, the probability that it will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in economic

conditions that correlate with defaults. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of income and statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to credit event occurring after the impairment loss was recognized in the statement of income and statement of comprehensive income, the impairment loss is reversed through the statement of income and statement of comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to

which the fair value of an investment is less than its cost. In making an assessment of whether an investment in debt instrument is impaired, the Company considers the factors such as market's assessment of creditworthiness as reflected in the bond yields, rating agencies' assessment of creditworthiness, country's ability to access the capital markets for new debt issuance and probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

The amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of income and statement of comprehensive income.

Financial Liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a

party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities.

Classification and subsequent measurement

Since the Company does not have financial liabilities classified at Fair value through Profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of Financial Instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statements of income and comprehensive income unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Fair Values

The fair value of financial assets that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the financial reporting date. If quoted market prices are not available, reference is made to broker or dealer price quotations.

For financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for similar assets.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to statements of income as they are consumed or expire with the passage of time.

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Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recog-

nized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the state-

ment of income during the financial period in which they are incurred.

The cost of other items of property and equipment is depreciated on the straight line method to allocate the cost over estimated useful lives, as follows:

Property and equipment

	Years
Leasehold improvements	5
Computer hardware	4
Computer software	10
Furniture and fixtures	10
Office equipment	4-5
Motor vehicle	4

The assets' residual values, depreciation and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income" in the statement of income.

Statutory Deposit

The statutory deposit, which is equal to 15% of the Company's paid up capital, consisted mainly of murabaha deposit maintained at a local bank in compliance with SAMA requirement.

Accrued and Other Liabilities

Accrued and other liabilities are recognized for amounts

to be paid in the future for goods and services, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Employees' End-of-service Benefits

The Company operates a post-employment end-of-service, defined benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of highquality corporate bonds with terms and currencies that match, as closely as possible,

the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Remeasurements (actuarial gains/losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income.

Short Term Employee Benefits

Short-term employee benefits, include leave pay and airfare, are current liabilities included in accrued expenses, measured at the undiscounted amount that the entity expects to pay as a result of the unused entitlement.

Retirement Benefits

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance (GOSI). This represents a state-owned defined contribution plan. The payments made are expensed as incurred.

Zakat and Tax

In accordance with the regulations of The Zakat, Tax & Customs Authority ("ZATCA"),

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the Company is subject to zakat attributable to the Saudi shareholders. Provision for zakat is charged to the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. Zakat is computed on the Saudi shareholders' share of equity and/ or net income using the basis defined under the regulations of ZATCA. Income tax is computed on the foreign shareholders' share of net income for the year.

Trade Date Accounting

All regular way purchases and sales of financial assets are recognized/derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

Insurance Contracts

The Company issues insurance contracts that transfer

insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Accumulated Surplus

In accordance with the Implementing Regulations, the Company is required to distribute 10% of the net annual surplus from the insurance operations to the policyholders and remaining 90% of the surplus is transferred to the shareholders' operations.

Any deficiency arising on insurance operations is transferred to the shareholders' operations in full. The distribution of 10% of annual surplus to policyholders are transferred

to accumulated surplus which is shown in statement of financial position.

Revenue Recognition

Recognition of premium & commission revenue

Premiums and commission are recorded in the statement of income based on straight line method over the insurance policy coverage period except for long term policies (engineering and marine).

Unearned premiums are calculated on a straight line method over the insurance policy coverage except for:

- Marine - last three months premium at a reporting date is considered as unearned.
- Engineering - as per the guidelines provided by SAMA, pre-defined calculation for risks undertaken that extend beyond a single year. In accordance with this calculation, lower premiums are earned in the first year which gradually increases towards the end of the tenure of the policy.

Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premium is taken to the statement of income in the same order that revenue is recognized over the period of risk. Unearned commission on outwards reinsurance contracts are deferred and amortized over the terms of the insurance contracts to which they relate. Amortization is recorded in the statement of income.

Investment income

Investment income classified under murabaha deposits are accounted for on an effective interest basis.

Dividend income

Dividend income on equity instruments classified under available-for-sale investments is recognized when the right to receive payment is established.

Claims

Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recover-

ies. Gross outstanding claims comprise gross estimated cost of claims incurred but not settled at the reporting date together with related claims handling costs, whether reported or not.

Provisions for reported claims not paid as of the financial reporting date are made on the basis of individual case estimates. In addition, a provision based on management's judgment and the Company's prior experience is maintained for the cost of settling claims incurred but not reported ("IBNR") as of financial reporting date.

The ultimate liability may be in excess of or less than the amount provided. Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the statement of income for that year. The outstanding claims are shown on a gross basis and the related share of the reinsurers is shown separately. Further, the Company does not discount its liabilities for unpaid claims as substantially all claims are expected to be paid within one year of the financial reporting date.

Salvage and Subrogation Reimbursement

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the outstanding claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Subrogation reimbursements are also considered as an allowance in the measurement of the outstanding claims liability. The allowance is the assessment of the amount that can be recovered from the third party.

Reinsurance Contracts Ceded

Reinsurance contracts are contracts entered into by the Company with reinsurers during the normal course of business under which the Company is compensated for losses on insurance con-

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tracts issued. Such reinsurance arrangements provide for greater diversification of business, allows management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. Reinsurance is distributed between treaty, facultative, stop loss and excess of loss reinsurance contract.

The benefits to which the Company is entitled under its reinsurance contracts ceded are recognized as reinsurance assets in the insurance operations' assets. These assets consist of balances due from reinsurers on settlement of claims and other receivables such as profit commissions and reinsurers' share of outstanding claims that are dependent on the expected claims and benefits arising under the related reinsured insurance contract. Amounts recoverable from or due to reinsurers are recognized consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance assets or liabilities are derecognized when the contractual rights are ex-

tinguished or expire or when the contract is transferred to another party. At each financial reporting date, the Company assesses whether there is any indication that a reinsurance asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment is recognized in the statement of income. Refer accounting policy for impairment of financial assets. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Expense Recognition

Expenses are recognized in statements of income when decrease in future economic

benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in statements of income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over the accounting period. Expenses in the statement of income are presented using the nature of expense method.

Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs

to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Foreign Currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of

the initial transaction and are not subsequently restated.

Segment Reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments.

For management purposes, the Company is organized into business units based on products and services and has eight reportable operating segments and one non-operating reportable segment as follows:

- Motor Insurance provides coverage against losses and liability related to motor vehicles, excluding transport insurance.
- Medical insurance provides health care cover to policyholders.
- Fire and burglary insurance provides coverage against fire, and any other insurance included under this class of insurance.

- Marine Insurance provides cover for Marine Cargo in transit and ships against marine perils.
 - Engineering Insurance provides coverage for loss or damage to construction works or erection and installation of plant & machinery.
 - Public liability insurance provides cover for legal liability of the insured against third parties arising out of premises, business operations or projects handled.
 - General accident insurance provides coverage against accidental death to individual and group of parties under Personal Accident Insurance.
 - Others provide coverage for workmen compensation.
 - Inherent defects insurance provides coverage against post usage detected defects in buildings and constructions.
- Operating segments are reported in a manner consistent with the internal report-

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ing provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

Shareholders' Funds is a non-operating segment. Income earned from murabaha deposits is its only revenue generating activity. Certain

direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

No inter-segment transactions occurred during the year. If any transaction were to occur, transfer prices be-

tween operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of financial statements of the Company.

As the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by operating segments only.

4. Cash and Cash Equivalents

For the year ended 31 December 2021

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

Insurance operations	2021	2020
Cash in banks	37,074	203,447
Cash on hand	19	19
Short term Murabaha deposits	170,726	-
	207,819	203,466
Shareholders' operations		
Cash in banks	141,930	356,604
Short term Murabaha deposits	129,632	-
	271,562	356,604
Total cash and cash equivalents	479,381	560,070

Short term Murabaha deposits are maintained with financial institutions and have original maturity of less than three months. The short term Murabaha deposits were subject to an average commission rate of 3.80% per annum as at 31 December 2021.

The carrying amounts disclosed above are not materially different from their fair values at the date of the statement of financial position.

Bank balances and deposits are placed with counter parties with sound credit ratings under Standard and Poor and Moody's' rating methodology (note 22).

5. Murabaha Deposits

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

Insurance operations	2021	2020
Murabaha deposits	129,113	165,284
Shareholders' operations		
Murabaha deposits	-	-
Total Murabaha deposits	129,113	165,284

Murabaha deposits have an original maturity year of more than three months from the date of acquisition. These deposits are subject to an average commission rate of 4.22% per annum as at 31 December 2021 (31 December 2020 : 1.57% per annum).

The carrying amounts disclosed above are not materially different from their fair values at the date of the statement of financial position.

Bank balances and deposits are placed with counter parties with sound credit ratings under Standard and Poor and Moody's' rating methodology (note 22).

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6. Premiums and Reinsurers' Receivable - Net

For the year ended 31 December 2021

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

	2021	2020
Policyholders	233,414	213,593
Reinsurers	1,396	2,330
Insurance companies	11,581	10,229
Agent and brokers	16,067	10,600
	262,458	236,752
Less:		
Provision for doubtful receivables - policyholders	(43,287)	(36,274)
Provision for doubtful receivables - reinsurers		
Total premium and reinsurance receivables, net	218,884	200,224

The movement in the provision for doubtful receivables is as follows:

Balance of the beginning of the year	36,528	33,374
Provision/ (reversal) for the year	7,046	3,154
Balance of the end of the year	43,574	36,528

The ageing of receivables was as follows:

For the year ended 31 December 2021

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

	2021				
	Past due but not impaired			Past due but impaired	
	Total	Less than 90 days	91-180 days	181-360 days	More than 360 days
Policyholders	233,414	155,224	23,566	12,957	41,667
Reinsurers	1,396	260	467	331	338
Insurance companies	11,581	3,196	1,455	4,317	2,613
Agents and brokers	16,067	6,397	6,197	1,027	2,446
	262,458	165,077	31,685	18,632	47,064
	2020				
Policyholders	213,593	142,589	14,691	29,388	26,925
Reinsurers	2,330	1,666	319	7	338
Insurance companies	10,229	1,745	1,165	3,049	4,270
Agents and brokers	10,600	8,007	25	91	2,477
	236,752	154,007	16,200	32,535	34,010

7. Technical Reserves

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

Outstanding claims and reserves	2021	2020
Gross outstanding claims	161,562	175,410
Less: realisable value of salvage and subrogation	(102,013)	(81,057)
Outstanding claims	59,549	94,353
Claims incurred but not reported (IBNR)	209,110	197,889
Additional premium reserves	28,412	39,637
Other technical reserves	4,432	3,664
	301,503	335,543
Reinsurers' share of outstanding claims	(90,130)	(94,625)
Reinsurers' share of claims incurred but not reported	(20,802)	20,530
	(110,932)	(115,155)
Net outstanding claims and reserves	190,571	220,388

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Unearned Premiums

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

	2021		
	Gross	Reinsurers' share	Net
Unearned premiums at beginning of the year	330,974	(17,051)	313, 923
Premiums written during the year	924,107	(64,720)	877, 387
Premiums earned during the year	(845,996)	67,284	(778, 712)
Unearned premiums at the end of the year	427,085	(14,487)	412, 598

	2020		
	Gross	Reinsurers' share	Net
Unearned premiums at beginning of the year	348,546	(17,538)	331,008
Premiums written during the year	781,568	(78,660)	702,908
Premiums earned during the year	(799,140)	79,147	(719,993)
Unearned premiums at the end of the year	330,974	(17,051)	313,923

Unearned reinsurance commission

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

	2021	2020
Balance of beginning of the year	4,001	4,801
Commission received during the year	7,810	14,252
Commission earned during the year	(8,323)	(15,052)
Balance of the end of the year	3,488	4,001

Deferred policy acquisition costs

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

	2021	2020
Balance of beginning of the year	20,117	27,331
Incurred during the year	71,331	71,716
Amortised during the year	(65,830)	(78,930)
Balance of the end of the year	25,618	20,117

8. Available-for-sale Investments

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

	2021		2020	
	Insurance Operations	Shareholders' Operations	Insurance Operations	Shareholders' Operations
Quoted				
Equity shares	519	4,253		9,543
Unquoted				
Funds	49,595	92,075	53,976	49,239
Equity shares	11,384	3,800	-	3,800
Total available for sale investments	61,498	100,128	53,976	62,528

The fair values of the unquoted mutual funds computed above are based on the latest reported net assets as at the reporting date. Unquoted equity shares in shareholders' operations include investment in Najm Company for Insurance Services which is carried at cost due to absence of active market or other means of reliably measuring its fair value. An impairment review is performed at each reporting date.

Movement in the investment balance is as follows:

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

Insurance operations	2021	2020
Balance at the beginning of the year	53,976	3,372
Additions during the year	12,69	50,604
Transfer to shareholder investment during the year	(1,219)	-
Disposals during the year	(5,316)	-
Unrealized gain on available-for-sale investments	1,388	-
Balance at the end of the year	61,498	53,976

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8. Available-for-sale Investments (Continued)

Movement in the investment balance is as follows:

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

Shareholders' operations	2021	2020
Balance at the beginning of the year	62,582	32,815
Additions during the year	57,963	114,732
Transfers from policyholder investment during the year	1,219	-
Disposals during the year	(20,104)	(85,242)
Reversal of impairment during the year	-	238
Realized gain/(loss) during the year	(2,912)	(11,523)
Unrealized gain on available-for-sale investments	1,380	11,562
Balance at the end of the year	100,128	62,582

9. Investment Held to Maturity

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

Insurance operations	31 December 2021	31 December 2020
Balance at beginning of the period/year	10,000	-
Addition during the period/year	-	10,000
Matured during the period/year	-	-
Balance at end of the period/year	10,000	10,000

During the year ending 31 December 2021, the Company invested in sukuk of SR 10 million without any premium or discount which was classified as held to maturity. The sukuk is having maturity of 5 years with coupon rate of 4.5%. The sukuk is offered by a local bank having a sound long term credit ratings of BBB+.

9. Investment Held to Maturity (Continued)

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

Shareholders' operations	31 December 2021	31 December 2020
Balance at beginning of the period/year	-	-
Addition during the period/year	9,724	-
Matured during the period/year	-	-
Balance at end of the period/year	9,724	-

During the year ending 31 December 2021, the Company invested in sukuk of SR 9.7 million without any premium or discount which was classified as held to maturity. The sukuk is offered by local financial institutions having maturity ranging from 1 to 5 years, with coupon rate ranging from 3.5%, to 5% per annum (2020: Nil).

10. Prepayments and Other Assets

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

	2021	2020
Advance settlements	21,396	13,596
Prepaid employee benefits and other	3,023	3,250
Deferred expenses	20,271	3,094
Prepaid rent	1,919	2,295
Advance to employees	1,590	1,562
Accrued commission receivable	2,652	1,015
Guarantee deposits (note 23)	300	300
Other	5,328	1,677
	56,479	26,789

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11. Property and Equipment

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

2021							
Cost	Leasehold im- provements	Computer hardware	Computer software	Furniture & fixtures	Office equipment	Motor vehicles	Total 2021
1 January	15,875	12,534	3,681	3,934	3,504	84	39,612
Additions	862	2,308	584	10	935	-	4,699
31 December	16,737	14,842	4,265	3,944	4,439	84	44,311
Accumulated depreciation							
1 January	15,388	11,530	3,666	3,630	3,213	84	37,511
Charge for the year	664	666	318	97	210	-	1,954
31 December	16,052	12,196	3,984	3,727	3,423	84	39,465
Netbook value:							
31 December	685	2,646	281	217	1,016	-	4,846

2020							
Cost	Leasehold im- provements	Computer hardware	Computer software	Furniture & fixtures	Office equipment	Motor vehicles	Total 2020
1 January	15,875	12,274	3,681	3,849	3,387	84	39,150
Additions	-	260	-	85	117	-	462
31 December	15,875	12,534	3,681	3,934	3,504	84	39,612
Accumulated depreciation							
1 January	14,789	11,073	3,330	3,465	3,071	84	35,812
Charge for the year	599	457	336	165	142	-	1,699
31 December	15,388	11,530	3,666	3,630	3,213	84	37,511
Netbook value:							
31 December	487	1,004	15	304	291	-	2,101

12. Statutory Deposit

In compliance with Article 58 of the Implementing Regulations issued by the SAMA, the Company has deposited 15 percent (31 December 2021: 15 percent) of its share capital, amounting to SR 75 million (31 December 2020: 75

million), in a bank designated by SAMA. The statutory deposit is maintained with a reputed local bank and can be withdrawn only with the consent of SAMA. The Company is not entitled to receive the investment return on

this deposit. This investment return is shown as a separate line item in the Statement of Financial Position. Income is accrued on statutory deposit at rate of 0.55% (per annum).

13. Accrued and Other Liabilities

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

	2021	2020
Commission payable	18,525	16,970
Najm uploading fee accrual	2,430	5,243
Accrued vacation allowance	3,842	3,378
Accrued SAMA inspection fees	3,140	3,112
Accrued professional fees	2,401	2,322
Accrued CCHI inspection fees	666	1,828
Accrued employees' salaries and other benefits	1,000	867
Accounts payable - GOSI and others	605	745
Provision for withholding tax on reinsurance payments	-	-
Other liabilities	62,152	34,452
	94,761	68,917

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14. Employees' End-of-service Benefits

The Company operates a defined benefit plan for its employees based on the prevailing Saudi Labor Law. Accruals are made in accordance with the actuarial valuation under the projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

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

	2021	2020
Present value of defined benefit obligation	20,154	18,209
Movement of defined benefit obligation		
At the beginning of the year	18,209	14,850
Current service cost	2,618	2,095
Interest cost	709	619
Net benefit expenses	3,327	2,714
Benefits paid during the year	(4,462)	(1,305)
Actuarial loss from experience adjustments	3,080	1,950
At the end of the year	20,154	18,209
Principal actuarial assumptions		
Valuation discount rate	3.75%	3.75%
Salary escalation	5%	5%

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

Discount rate	2021	2020
Increase by 50 basis points	(472)	(771)
Decrease by 50 basis points	550	844
Expected rate of increase in salary level across different age bands		
Increase by 1%	1,058	814
Decrease by 1%	(925)	(759)

15. Provisions for Zakat

The estimated zakat base of the Company, which is subject to adjustments under Zakat regulations, consists of the following:

Zakat Payable

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

	2021	2020
Share capital	500,000	500,000
Adjusted income before Zakat	32,030	32,030
Property and equipment, net	(4,846)	(2,101)
Adjusted available-for-sale investments	(161,626)	(116,558)
Accumulated losses	(141,437)	(141,437)
Provision and adjustments	283,762	283,762
Estimated Zakat base	507,883	555,696
The movement in zakat payable during the year is as follows:		
Balance at beginning of the year	20,374	32,220
Charge for the year	12,810	15,125
Reversal of Zakat provision	(5,855)	(7,635)
Payments during the year	(10,077)	(19,336)
Balance at the end of the year	17,252	20,374

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Status of Assessment

The Company has filed the Zakat return for the year ended December 31, 2020 on the deadline of May 2, 2021.

The years from 2007 to 2010:

The Zakat, Tax & Customs Authority ("ZATCA") raised its assessments for those years claiming additional zakat liability of Saudi Riyals 8.7 million and withholding tax liability of Saudi Riyals 12.2 million in addition to the related delay penalties of 1% for each 30 delay days calculated from the due date till settling such due amounts.

The Company has filed an appeal against such additional liabilities to ZATCA then the case has been transferred to the Preliminary Appeal Committee ("PAC") which has rejected the major items therefore the Company has submitted a letter of guarantee to ZATCA for zakat, withholding tax and related delay penalties amounting to Saudi Riyals 31.81 million and appealed the PAC ruling to the Higher Appeal Committee ("HAC") which has been replaced by the new tax committees under General Secretary of Tax Committees ("GSTC").

Then the company has submitted a request to the settlement committee at ZATCA and reached to a settlement agreement for those years to settle an amount of Saudi Riyals 3.3 million for zakat and Saudi Riyals 12.2 million for withholding tax. The company has settled such agreed amounts.

The years from 2011 to 2015:

The ZATCA raised its assessments for those years claiming additional zakat liability of Saudi Riyals 8 million and withholding tax liability of Saudi Riyals 10.2 million in addition to the related delay penalties of 1% for each 30 delay days calculated from the due date till settling such due amounts. The Company has filed an appeal against such additional liabilities to ZATCA then the case has been transferred to the Preliminary Appeal Committee ("PAC") which has been replaced by the new tax committees under General Secretary of Tax Committees ("GSTC"). Then the company has submitted a request to the settlement committee at ZATCA and reached to a settlement agreement for those years to settle an amount of

Saudi Riyals 4.1 million for zakat and Saudi Riyals 10.2 million for withholding tax. The company has settled such agreed amounts on 17 December 2020.

The years from 2016 to 2018:

on December 27, 2020 the ZATCA raised its assessments for those years claiming additional zakat liability of Saudi Riyals 3.3 million, then the company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the company's appeal and issued a revised assessment for the company's favor which resulted an overpaid amount of Saudi Riyals 1.5 million for the company. However, the company has decided to escalate the case to the GSTC and the case still under the GSTC committee study.

The years 2019 & 2020:

On September 30, 2021, the Zakat, Tax and Customs Authority ("ZATCA") raised its assessments for those years claiming additional zakat liability of Saudi Riyals 5.2 million, then the company has appealed against such

assessment within the legally prescribed period. As result, ZATCA has partially accepted the company's appeal and issued a revised assessment through which the additional zakat liability has reduced to Saudi Riyals 4.9 million knowing that the company has already settled along with the appeal an amount of Saudi Riyals 1.3 million which represents 25% of the disputed additional zakat liability as per the original assessment to fulfil the formality conditions of appeal submission stated in the zakat regulations, and the company now in the process of escalating the case to GSTC.

16. Share Capital

As at 31 December 2021 and 31 December 2020, the issued and paid up share capital of the Company amounts to SR 500 million, divided into 50 million ordinary shares of SR 10 each.

17. Statutory Reserve

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory

reserve until it equals the value of share capital and such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

18. Basic and Diluted Earnings per Share

Basic and diluted earnings per share for the year have been calculated by dividing the total net income for the year by the weighted average number of shares in issue throughout the year.

The basic and diluted earning per share are as follow:

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

	2021	2020
Basic and diluted earning per share (Saudi Riyals)	(1,72)	0,15
Weighted average number of shares through the year	50,000	50,000

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19. Salaries and Staff Related Costs

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

	2021	2020
Basic salaries	40,163	37,113
Housing allowances	9,573	9,244
Staff bonus	-	6,177
Insurance	5,301	5,150
Social security charges	4,201	4,038
Transportation allowances	4,001	3,786
End-of-service benefits (note 13)	3,318	2,696
Others	8,593	7,491
	75,150	75,695

20. Other General and Administrative Expenses

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

	2021	2020
Inspection fees	7,752	6,634
Occupancy charges	5,159	4,829
Professional fees	5,022	4,432
IT expenses	7,384	3,241
Advertisement and promotion	4,284	3,067
Depreciation expense (note 10)	1,954	1,699
Communication expenses	1,361	1,269
Withholding tax	719	1,140
Training and development	599	427
Office supplies	199	333
Others	11,113	9,651
	45,546	36,722

21. Related Party Transactions and Balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are mutually agreed and are approved by the Company's management.

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

For the year-end		
	2021	2020
Board of Directors and committees meeting fees	424	590
Bonus paid to Board of Directors	3,726	3,150
	2021	2020
Claims Payble to companies owned by BOD members	2	1

Remuneration and compensation of BOD and key management personnel

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

2021	Board members (non-executives)	Key management personnel Including CEO and CFO
Salaries and compensation	-	6,869
Annual remuneration	3,726	-
End of service indemnities	-	378
Total	3,726	7,247

2021	Board members (non-executives)	Key management personnel Including CEO and CFO
Salaries and compensation	-	6,330
Annual remuneration	3,150	1,188
End of service indemnities	-	363
Total	3,150	7,881

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22. Risk Management

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

Risk Governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors. The Company is exposed to insurance, reinsurance, special commission rate, credit, and liquidity and currency risks.

a. Risk management structure - a cohesive organizational structure is established within the Company in order to identify, assess, monitor and control risks.

b. Board of directors - the apex of risk governance is the centralized oversight of the

Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

c. Senior management - the senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

a. Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company purchases reinsurance as part of its risks mitigation programme. Re-

insurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such

reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes

based on the Company's risk appetite as decided by management. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in medical and motor segment.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk

while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates majorly in Saudi Arabia, all the insurance risks relate to policies written in Saudi Arabia.

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim

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costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates

resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral reason-

able estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The ultimate cost of outstanding claims is estimated

by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheuter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases,

no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium

deficiency reserve in result of liability adequacy test) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as at the statement of financial position date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

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A hypothetical 10% change in the claim ratio, net of reinsurance, would impact net underwriting income/(loss) as follows:

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

	Change in assumptions	Increase/(decrease) in net liabilities	Increase/(decrease) in underwriting surplus
Ultimate loss ratio			
2021	+/-10%	77,871	77,871
2020	+/-10%	71,999	71,999

b. Reinsurance risk

In order to minimize financial exposure arising from large claims, the Company in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of

Directors. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies that is not lower than BBB or equivalent.
- Reputation of particular reinsurance companies.
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors before approving them for exchange of reinsurance business. As at 31 December 2021

and 2020, there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

c. Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company is exposed to commission rate risk on its murabaha deposits and investment in Sukuk.

The following information demonstrates the sensitivity of statement of income to possible changes in commission rates, with all other variables held constant.

	2021	2020
Increase/(decrease) in commission rates by 100 basis points	1,291	1,653

The Company have murabaha deposits and investment in Sukuk which are realized within 3 months up to 3 years, with the exception of restricted deposits which are required to be maintained in accordance with regulations in Saudi Arabia on which the Company does not earn any commission.

Management limits commission rate risk by monitoring changes in commission rates in the currencies in which its deposits are denominated.

The Company had no deposits in currencies other than Saudi Riyal.

d. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments

held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

1. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers.

Accordingly, as a pre-requisite, the parties with whom reinsurance is effected are required to have a minimum acceptable security rating level affirming their financial strength.

2. The Company seeks to manage its credit risk with respect to customers by

setting credit limits for individual customers and by monitoring outstanding receivables.

3. Cash and cash equivalents are maintained is required to have a minimum acceptable security financial strength.

The Company does not have an internal credit ratings assessment process, and accordingly, amounts which are neither past due nor impaired, in respect of client balances, are from individuals and unrated corporate counterparties. Balances due from reinsurers are with counterparties who have investment grade credit ratings issued by external rating agencies.

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The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

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

	2021	2020
Cash and cash equivalents	479,381	560,070
Murabaha deposits	129,113	165,284
Premiums and reinsurers' receivable - net	218,884	200,224
Reinsurers' share of outstanding claims and reserves	90,130	94,625
Available-for-sale investments	161,626	116,558
Statutory deposit	75,000	75,000
Other assets	4,542	2,877
	1,158,676	1,214,638

Credit quality

The credit quality of the financial assets is as follows:

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

Credit quality	*Credit Rating	2021	2020
Cash and cash equivalents			
Satisfactory	BBB+	479,381	560,070
Murabaha deposits			
Satisfactory	BBB+	129,113	165,284
Investments			
Satisfactory	A3-Baa3	-	-
Unrated	Unrated	161,626	116,558
		161,626	116,558

Very strong quality: Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are excellent.
Satisfactory quality: Require regular monitoring due to financial risk factors. Ability to repay remains at a satisfactory level.



The Company does not have an internal credit ratings assessment process, and accordingly, amounts which are neither past due nor impaired, in respect of client balances, are from individuals and unrated corporate counter parties. Balances due from reinsurers are with counterparties who have investment grade credit ratings issued by external rating agencies.

e. Liquidity risk and maturity profiles

Liquidity risk is the risk that the Company will not be able to

meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarizes the maturity profile of financial assets and financial liabilities of the Company based on remaining contractual obligations. For insurance contract

liabilities maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance liabilities.

The amount disclosed are the contractual undiscounted cash flows which equal their carrying balances as the impact of discounting is not significant.

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

Financial assets	2021			2020		
	Less than one year	No term	Total	Less than one year	No term	Total
Cash and cash equivalents	479,381	-	479,381	560,070	-	560,070
Murabaha deposits	129,113	-	129,113	165,284	-	165,284
Premium and reinsurance receivable - net	218,884	-	218,884	200,224	-	200,224
Reinsurers' share of un-earned pre-miums	14,487	-	14,487	17,051	-	17,051
Reinsurers'share out-standing claims	90,130	-	90,130	94,625	-	94,625
Reinsurers'share of claims incurred but not reported	20,802	-	20,802	20,530	-	20,530
Deferred policy acquisition costs	25,618	-	25,618	20,117	-	20,117
Deferred excess of loss premiums	83	-	83	-	-	-
Available-for-sale- investments	-	161,626	161,626	-	116,558	116,558
Investment held to maturity	-	19,724	19,724	10,000	-	10,000
Statutory deposit	-	75,000	75,000	-	75,000	75,000
Accured commissions income on statutory deposit	-	10,167	10,167	-	9,695	9,695
Other assets	61,325	-	61,325	28,890	-	28,890
	1,039,823	266,517	1,306,340	1,116,791	201,253	1,318,044

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

Financial liabilities	2021			2020		
	Less than one year	No term	Total	Less than one year	No term	Total
Policyholders claims payable	33,535	-	33,535	54,955	-	54,955
Accured and other liabilities	94,761	-	94,761	68,917	-	68,917
Reinsurance balances payable	25,809	-	25,809	6,840	-	6,840
Outstanding claims and reserves	301,503	-	301,503	335,543	-	335,543
Employees' end-of-service benefits	-	20,154	20,154	-	18,209	18,209
Provision for zakat	17,252	-	17,252	20,374	-	20,374
	472,860	20,154	493,014	486,629	18,209	504,838

f. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuation, as the majority of monetary assets and liabilities are in currencies linked to the Saudi Riyals.

interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company has investment in unquoted equity instruments carried at cost, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed

to be impaired and then the statement of changes in equity will be impacted.

Sensitivity analysis

The sensitivity of the comprehensive income on the assumed changes in the market prices of quoted available-for-sale investments included in the assets for the year ended 31 December 2021 and 2020 is set out below:

g. Market price risk

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from

2021		2020	
Impact	Change in market price	Impact	Change in market price
+/-5%	239	+/-5%	477
+/-10%	477	+/-10%	954

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h. Capital management

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising

paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

i. Regulatory framework risk

The operations of the Company are subject to local regulatory requirements in Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. The Company is compliant of

minimum capital adequacy prescribed by the regulator.

Fair value of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table summarizes the financial assets recorded at fair value as of 31 December 2021 and 2020 by level of the fair value hierarchy.

As of 31 December 2021 All amounts are in Saudi Riyals (SR 000) unless otherwise stated

Financial assets	Carrying value	Level 1	Level 2	Level 3	Total
Insurance operations					
Available-for-sale investments					
Equity Security	6,269	6,269	-	-	6,269
Mutual Funds	55,229	-	55,229	-	55,229
Shareholders' operations					
Available-for-sale investments					
Equity security	4,253	4,253	-	-	4,253
Mutual Funds	93,105	-	92,075	-	92,075
	157,826	10,522	147,304	-	151,557

As of 31 December 2020 All amounts are in Saudi Riyals (SR 000) unless otherwise stated

Financial assets	Carrying value	Level 1	Level 2	Level 3	Total
Insurance operations					
Available-for-sale investments					
Mutual Funds	53,976	-	53,976	-	53,976
Shareholders' operations					
Available-for-sale investments					
Equity security	13,343	9,543	-	3,800	13,343
Mutual Funds	49,239	-	49,239	-	49,239
	116,558	9,543	103,215	3,800	116,558

The Company has investments amounting to SAR 3.8 million (31 December 2020: SAR 3.8) million in unquoted securities and 41.06 million in Sukuks. These investments have not been measured at fair values in the absence of active market or other means of reliably measuring their fair values. However, the management believes that there is no major difference between the carrying values and fair values of these investments.

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j. Operational Risk

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

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;

- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation policies and procedures.

Senior Management ensures that the Company's staff has adequate training and experience and fosters effective communication related to operational risk management.

23. Commitments and Contingencies

a. Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

b. Contingent liabilities

The Company's contingent liabilities are as follows:

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

	2021	2020
Letters of guarantee	20,974	42,700

24. Segment Information

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include income from investments, income from Murabaha deposits, other income, general and administrative expenses, and

provision for doubtful debts. Segment results do not include commission on short-term Murabaha deposits.

Segment assets do not include insurance operations' cash and cash equivalents, short-term Murabaha deposits, available for sale investments, investment held to maturity, receivables, prepaid expenses and other assets and property

and equipment. Accordingly, they are included in unallocated assets.

Segment liabilities do not include reinsurers' balances payable, policyholders claims payable, accrued expenses and other liabilities, accumulated surplus and due to related parties. Accordingly, they are included in unallocated liabilities.

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Segment Information

For the year ended 31 December 2021

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

Operating segment	Medical	Motor	Property & casualty	Protection & savings	Total
Revenues					
Gross premium written					
Individuals	568	320,207	680	-	321,455
Very small enterprises	4,395	2,480	40	-	6,915
Small enterprises	44,466	24,940	735	-	70,141
Medium enterprises	76,515	21,506	6,091	-	104,112
Corporates	263,928	123,317	52,239	-	439,484
	398,872	492,450	59,785	-	942,107
Reinsurance premiums ceded					
Local	-		(4,823)	-	(4,823)
International	(69)	-	(45,571)	-	(45,640)
	(69)	-	(50,394)	-	(50,463)
Excess of loss expenses	(2,957)	(9,081)	(2,220)	-	(14,257)
Net premium written	386,847	483,369	7,171	-	877,387
Movement in unearned premiums, net	(39,428)	(59,524)	277	-	(98,675)
Net premiums earned	347,419	423,485	7,448	-	778,712
Reinsurance commissions	-	-	8,322	-	8,322
Other underwriting income	296	487	233	-	1,016
Net revenues	347,715	423,332	16,003	-	788,050

Operating segment	Medical	Motor	Property & casualty	Protection & savings	Total
Underwriting costs and expenses					
Gross claims paid	(276,280)	(440,622)	(17,012)	-	(733,914)
Reinsurers' share of claims paid	2,114	1,696	13,038	-	16,848
Net claims paid	(274,166)	(438,926)	(3,974)	-	(717,066)
Movement in outstanding claims, net	7,270	19,038	4,002	-	30,310
Movement in IBNR, net	3,683	(15,025)	393	-	(10,949)
Movement in additional premium reserves	6,953	5,348	(1,076)	-	11,225
Movement in other technical reserves	231	388	(1,387)	-	(768)
Net claims incurred	(256,029)	(429,177)	(2,042)	-	(687,248)
Policy acquisition cost	(24,684)	(32,767)	(8,379)	-	(65,830)
Other underwriting expense	-	(20,922)	(81)	-	(21,003)
Total underwriting costs and expenses	(280,713)	(482,866)	(10,502)	-	(774,081)
Net underwriting income	67,002	(58,534)	5,501	-	13,969
Unallocated revenue					40,923
Unallocated expenses					(127,742)
Total income for the year					(72,850)

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Segment Information

For the year ended 31 December 2020

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

Operating segment	Medical	Motor	Property & casualty	Protection & savings	Total
Revenues					
Gross premium written					
Individuals	523	235,863	371	-	236,757
Very small enterprises	4,062	787	68	-	4,917
Small enterprises	23,991	10,834	1,586	-	36,411
Medium enterprises	46,582	8,352	11,303	-	66,237
Corporates	219,807	145,753	71,686		437,246
	294,965	401,589	85,014		781,568
Reinsurance premiums ceded					
Local	-	-	(5,065)	-	(5,065)
International	314	-	(54,391)	-	(54,705)
	(314)	-	(59,456)	-	(59,770)
Excess of loss expenses	(5,088)	(10,865)	(2,937)		(18,890)
Net premium written	289,563	390,724	22,621	-	702,908
Movement in unearned premiums, net	(17,821)	34,597	309	-	17,085
Net premiums earned	271,742	425,321	22,930	-	719,993
Reinsurance commissions	-	-	15,052	-	15,052
Other underwriting income	2,421	363	2,212	-	4,996
Net revenues	274,163	425,684	40,194	-	740,041

Operating segment	Medical	Motor	Property & casualty	Protection & savings	Total
Underwriting costs and expenses					
Gross claims paid	(213,165)	(338,050)	(49,166)	-	(600,381)
Reinsurers' share of claims paid	4,028	11,471	32,153	-	47,652
Net claims paid	(209,137)	(326,579)	(17,013)	-	(552,729)
Movement in outstanding claims, net	6,896	14,287	(2,569)	-	18,614
Movement in IBNR, net	(17,502)	(7,105)	(334)	-	(24,941)
Movement in additional premium reserves	(5,391)	(16,987)	55	-	(22,323)
Movement in other technical reserves	571	(557)	73	-	(59)
Net claims incurred	(224,563)	(336,941)	(19,934)	-	(581,438)
Policy acquisition cost	(18,960)	(51,346)	(8,624)	-	(78,930)
Total underwriting costs and expenses	(243,523)	(388,287)	(28,558)	-	(660,368)
Net underwriting income	30,640	37,397	11,636	-	79,673
Unallocated revenue					58,571
Unallocated expenses					(115,571)
Total income for the year					22,673

Financial Statements

Segment Information

As of 31 December 2021

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

Operating Segment	Medical	Motor	P&C	Protection & Savings	Total
Assets					
Reinsurers' share of out-standing claim	2,685	18,221	69,224	-	90,130
Reinsurers' share of IBNR	-	-	20,802	-	20,802
Reinsurers' share of un-earned premi-um	7	-	14,480	-	14,487
Deferred policy acquisition costs	10,000	13,417	2,201	-	25,618
Segment as-sets	12,692	31,638	106,707	-	151,037
Unallocated assets					1,155,303
Total assets					1,306,340
Liabilities and equity					
Unearned pre-miums	154,739	254,500	17,864	-	427,085
Unearned rein-surance comis-sion	-	-	3,488	-	3,488
Outstanding claims	31,935	(47,348)	74,962	-	59,549
Claims incurred but not report-ed	34,377	152,484	22,249	-	209,110
Additional pre-mium reserve	230	27,008	1,174	-	28,412
Other technical reserves	370	2,450	1,612	-	4,432
Segment liabili-ties	221,651	389,094	121,331	-	732,076
Unallocated liabilities and surplus					202,688
Total equity					371,576
Total liabilities and equity					1,306,340

Segment Information

As of 31 December 2020

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

Operating Segment	Medical	Motor	P&C	Protection & Savings	Total
Assets					
Reinsurers' share of out-standing claim	1,044	23,897	69,684	-	94,625
Reinsurers' share of IBNR	-	-	20,530	-	20,530
Reinsurers' share of un-earned premi-um	289	-	16,762	-	17,051
Deferred policy acquisition costs	7,774	10,288	2,055	-	20,117
Segment as-sets	9,107	34,185	109,031	-	152,323
Unallocated assets					1,165,721
Total assets					1,318,044
Liabilities					
Unearned pre-miums	115,592	194,976	20,406	-	330,974
Unearned rein-surance comis-sion	-	-	4,001	-	4,001
Outstanding claims	37,564	(22,635)	79,424	-	94,353
Claims incurred but not report-ed	38,060	137,459	22,370	-	197,889
Additional pre-mium reserve	7,183	32,356	98	-	39,637
Other technical reserves	601	2,838	225	-	3,664
Segment liabili-ties	199,592	344,994	126,524	-	670,518
Unallocated liabilities and surplus					187,066
Total equity					460,460
Total liabilities					1,318,044

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25. Claims Development Table

The following table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported for each successive accident year at each statement of financial position date, together with cumulative payments to date.

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangular analysis is by accident years spanning a number of financial years.

Claims development table gross of reinsurance (with IBNR) for 2021

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

The accident year	2015 & earlier	2016	2017	2018	2019	2020	2021	Total
At end of accident year	9,734,807	1,749,933	726,007	526,238	614,550	589,130	757,685	14,698,350
One year later	4,494,473	1,278,788	711,132	496,497	608,519	541,073	-	8,130,482
Two years later	2,547,081	1,255,966	709,764	493,509	612,464	-	-	5,618,783
Three years later	2,542,109	1,233,431	698,234	488,551	-	-	-	4,962,326
Four years later	2,547,930	1,231,495	694,848	-	-	-	-	4,474,274
Five years later	2,537,326	1,229,050	-	-	-	-	-	3,766,376
Six years later	2,529,479	-	-	-	-	-	-	2,529,479
Current estimate of cumulative claims	2,529,479	1,229,050	694,848	488,551	612,464	541,073	757,685	6,853,150
Cumulative payments to date	(2,510,276)	(1,223,903)	(690,136)	(475,919)	(571,032)	(528,386)	(584,838)	(6,658,491)
Gross outstanding claims and IBNR	19,203	5,146	4,712	12,632	41,432	12,687	(172,847)	268,659

Claims development table gross of reinsurance (with IBNR) for 2020

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

The accident year	2014 & earlier	2015	2016	2017	2018	2019	2020	Total
At end of accident year	5,300,899	1,520,796	1,749,933	726,007	526,238	614,550	589,130	11,027,553
One year later	2,913,112	1,560,835	1,278,788	711,132	496,497	608,519	-	7,568,882
Two years later	2,933,638	1,111,336	1,255,966	709,764	493,509	-	-	6,504,212
Three years later	1,435,745	1,112,176	1,233,431	698,234	-	-	-	4,479,586
Four years later	1,429,933	1,112,811	1,231,495	-	-	-	-	3,774,239
Five years later	1,435,120	1,110,377	-	-	493,509	-	-	2,545,497
Six years later	1,426,949	-	-	-	(473,108)	-	-	1,426,949
Current estimate of cumulative claims	1,426,949	1,110,377	1,231,495	698,234	493,509	608,519	589,130	6,158,214
Cumulative payments to date	(1,417,729)	(1,090,285)	(1,220,436)	(689,540)	(473,108)	(558,353)	(416,522)	(5,865,972)
Gross outstanding claims and IBNR	9,220	20,092	11,060	8,695	20,401	50,166	172,609	292,242

Financial Statements

25. Claims Development Table (Continued)

Claims development table net of reinsurance (with IBNR) for 2021

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

The accident year	2015 & earlier	2016	2017	2018	2019	2020	2021	Total
At end of accident year	7,447,642	1,716,637	704,249	507,617	545,045	568,448	740,223	12, 229,861
One year later	3,865,001	1,226,942	657,183	473,137	547,317	515,864	-	7,285,444
Two years later	2,157,888	1,192,380	650,166	471,683	557,682	-	-	5,029,799
Three years later	2,231,456	1,172,718	651,427	470,719	-	-	-	4,526, 320
Four years later	2,235,284	1,171,462	649,356	-	-	-	-	4,056,102
Five years later	2,226,959	1,172,270	-	-	-	-	-	3,399,299
Six years later	2,218,028	-	-	-	-	-	-	2,218, 028
Current estimate of cumulative claims	2,218,028	1,172,270	649,356	470,719	557,682	515,864	740,223	6,324,142
Cumulative payments to date	(2,226,494)	(1,173,218)	(648,650)	(467,652)	(547,477)	(518,302)	(584,622)	(6,166,415)
Net outstanding claims and IBNR, net	(8,466)	(948)	706	3,067	10,205	(2,438)	155, 601	157,727

Claims development table net of reinsurance (with IBNR) for 2020

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

The accident year	2014 & earlier	2015	2016	2017	2018	2019	2020	Total
At end of accident year	3,694,470	1,427,811	1,716,637	704,249	507,617	545,045	568,448	9,164,277
One year later	2,325,361	1,509,402	1,226,942	657,183	473,137	547,317	-	6,739,342
Two years later	2,355,599	1,069,712	1,192,380	650,166	471,683	-	-	5,739,540
Three years later	1,088,176	1,065,494	1,172,718	651,427	-	-	-	3,977,815
Four years later	1,165,962	1,069,655	1,171,462	-	-	-	-	3,407,079
Five years later	1,165,628	1,067,939	-	-	-	-	-	2,233,567
Six years later	1,159,020	-	-	-	-	-	-	1,159,020
Current estimate of cumulative claims	1,159,020	1,067,939	1,171,462	651,427	471,683	547,317	568,448	5,637,296
Cumulative payments to date	(1,165,560)	(1,059,076)	(1,170,931)	(648,856)	(467,315)	(535,724)	(412,747)	(5,460,209)
Net outstanding claims and IBNR, net	(6,540)	8,863	531	2,571	4,368	11,593	155,701	177,087

Financial Statements

26. Supplementary Information

Statement of Financial Position

As of 31 December 2021

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

Assets	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Cash and cash equivalents	207,819	203,466	271,562	356,604	479,381	560,070
Murabaha deposits	129,113	165,284	-	-	129,113	165,284
Premiums and reinsurers' receivable - net	218,884	200,224	-	-	218,884	200,224
Reinsurers' share of unearned premiums	14,487	17,051	-	-	14,487	17,051
Reinsurers' share of outstanding claims	90,130	94,625	-	-	90,130	94,625
Reinsurers' share of claims incurred but not reported	20,802	20,530	-	-	20,802	20,530
Deferred policy acquisition costs	25,618	20,117	-	-	25,618	20,117
Deferred excess of loss premiums	83	-	-	-	83	-
Available-for-sale investments	61,498	53,976	100,128	62,582	161,626	116,558
Investment held to maturity	10,000	10,000	9,724	-	19,724	10,000
Prepayments and other assets	53,932	26,339	2,547	450	56,479	26,789
Property and equipment	4,846	2,101	-	-	4,846	2,101
Statutory deposit	-	-	75,000	75,000	75,000	75,000
Accrued commission income on statutory deposit	-	-	10,167	9,695	10,167	9,695
	837,212	813,713	469,128	504,331	1,306,340	1,318,044
Due (to) / from insurance operations	-	-	(58,804)	(4,769)	(58,804)	(4,769)
Total Assets	837,212	813,713	410,324	499,562	1,247,536	1,313, 275

Financial Statements

Statement of Financial Position

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

Liabilities	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Policyholders claims payable	33,535	54,955	-	-	33,535	54,955
Accrued and other liabilities	92,720	67,480	2,041	1,437	94,761	68,917
Reinsurance balances payable	25,809	6,840	-	-	25,809	6,480
Unearned premiums	427,085	330,974	-	-	427,085	330,974
Unearned reinsurance commission	3,488	4,001	-	-	3,488	4,001
Outstanding claims	59,549	94,353	-	-	59,549	94,353
Claims incurred but not reported (IBNR)	209,110	197,889	-	-	209,110	197,889
Additional premium reserve	28,412	39,637	-	-	28,412	39,637
Other technical reserves	4,432	3,664	-	-	4,432	3,664
Accrued reinsurance balance	-	2,409	-	-	-	2,409
Due to related parties	2	1	-	-	2	1
Employees' end-of-service benefits	20,154	18,209	-	-	20,154	18,209
Accumulated surplus	1,088	5,666	-	-	1,008	5,666
Provision for zakat	-	-	17,252	20,374	17,252	20,374
Accrued commission income payable to SAMA	-	-	10,167	9,695	10,167	9,695
	905,304	826,078	29,460	31,506	934,764	857,584
Due (from) / to shareholders' operations	(58,804)	(4,769)	-	-	(58,804)	(4,769)
Total liabilities	846,500	821,309	29,460	31,506	875,960	852,815

Statement of Financial Position

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

Equity	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Share capital	-	-	500,000	500,000	500,000	500,000
Statutory reserve	-	-	2,131	2,131	2,131	2,131
Accumulated losses	-	-	(120,408)	(34,748)	(120,408)	(34,748)
Fair value reserve for available-for-sale investments	1,388	-	(859)	673	529	673
Re-measurement reserve of defined benefit obligation	(10,676)	(7,596)	-	-	(10,676)	(7,596)
Total equity	(9,288)	(7,596)	380,864	468,056	371,576	460,460
Total liabilities and shareholders' equity	837,212	813,713	410,324	499,562	1,247,536	1,313,275

Financial Statements

Statement of Income

For the Year ended 31 December

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

Revenues	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Gross premiums written	942,107	781,568	-	-	942,107	781,568
Reinsurance premiums ceded						
Local	(4,823)	(5,065)	-	-	(4,823)	(5,065)
International (includes premium ceded through a local broker)	(45,640)	(54,705)	-	-	(45,640)	(54,705)
	(50,463)	(59,770)	-	-	(50,463)	(59,770)
Excess of loss expenses	(14,257)	(18,890)	-	-	(14,257)	(18,890)
Net premiums written	877,387	702,908	-	-	877,387	702,908
Movement in unearned premiums, net	(98,675)	17,085	-	-	(98,675)	17,085
Net premiums earned	778,712	719,993	-	-	778,712	719,993
Reinsurance commissions	8,322	15,052	-	-	8,322	15,052
Other underwriting income	1,016	4,996	-	-	1,016	4,996
Net revenues	788,050	740,041	-	-	788,050	740,041
Underwriting costs and expenses						
Gross claims paid	(733,914)	(600,381)	-	-	(733,914)	(600,381)
Reinsurers' share of claims paid	16,848	47,652	-	-	16,848	47,652
Net claims paid	(717,066)	(552,729)	-	-	(717,066)	(552,729)
Movement in outstanding claims, net	30,310	18,614	-	-	30,310	18,614
Movement in IBNR, net	(10,949)	(24,941)	-	-	(10,949)	(24,941)
Movement in additional premium reserve	11,225	(22,323)	-	-	11,225	(22,323)
Movement in other technical reserve	(768)	(59)	-	-	(768)	(59)
Net claims incurred	(687,248)	(581,438)	-	-	(687,248)	(581,438)
Policy acquisition costs	(65,830)	(78,930)	-	-	(65,830)	(78,930)
Other underwriting expenses	(21,003)	-	-	-	(21,003)	-
Total underwriting costs and expenses	(774,081)	(660,368)	-	-	(774,081)	(660,368)
Net underwriting income	13,969	79,673	-	-	13,969	79,673

Financial Statements

Statement of Income (Continued)

As of 31 December 2021

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

	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Net underwriting income brought forward	13,969	79,673	-	-	13,969	79,673
Other income/(expenses)						
Provision for doubtful debts	(7,046)	(3,154)	-	-	(7,046)	(3,154)
Salaries and staff-related costs	(75,150)	(75,695)	-	-	(75,150)	(75,695)
Other general and administrative expenses	(40,796)	(32,725)	(4,750)	(3,997)	(45,546)	(36,722)
Investment income	13,631	9,713	16,763	23,029	30,394	32,742
Other income	4,674	17,956	5,855	7,635	10,529	25,591
Reversals of impairment on available for sale investments	-	-	-	238	-	238
Total other income/(expenses)	(104,687)	(83,905)	17,868	26,905	(86,819)	(57,000)
Net income for the year	(90,718)	(4,232)	17,868	26,905	(72,850)	22,673
Surplus attributed to insurance operations	-	-	-	-	-	-
Net income attributable to shareholders before zakat	(90,718)	(4,232)	17,868	26,905	(72,850)	22,673
Zakat charge for the year	-	-	(12,810)	(15,125)	(12,810)	(15,125)
Net income attributable to shareholders' operations	(90,718)	(4,232)	5,058	11,780	(85,660)	7,548

Statement of Comprehensive Income

As of 31 December 2021

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

	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Net (loss)/income for the year after zakat	-	-	(85,660)	7,548	(85,660)	7,548
Other comprehensive income:						
Items that may be reclassified to state-ment of insurance operations' surplus in subsequent years						
Change in fair value of available-for-sale investments	1,388	-	1,380	11,562	2,768	11,562
Realised gain transferred to statement of income	-	-	(2,912)	(11,523)	(2,912)	(11,523)
Items that will not be reclassified to statement of insurance operations' surplus in subsequent years:						
Re-measurement loss on defined benefit plan	(3,080)	(2,556)	-	-	(3,080)	(2,556)
Total comprehensive income / (loss) for the year	(1,692)	(2,556)	(87,192)	7,587	(88,884)	5,031
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
Total comprehensive income / (loss) attributable to shareholders	(1,692)	(2,556)	(87,192)	7,587	(88,884)	5,031

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Statement of Cash Flows

As of 31 December 2021

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

	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Cash flows from operating activities						
Total income (loss)/ for the year before zakat	-	-	(72,850)	22,673	(75,850)	22,673
Adjustments for non-cash items:						
Depreciation of property and equipment	1,954	1,699	-	-	1,954	1,699
(Reversal of impairment)/ impairment on available for sale investment	-	-	-	(238)	-	(238)
Realised gain on disposal of available for sale investment	-	-	(2,912)	(11,523)	(2,912)	(11,523)
Reversal of zakat provision	-	-	(5,855)	(7,635)	(5,855)	(7,635)
Provision for employees' end-of-service benefits	3,327	2,714	-	-	3,327	2,714
Provision for doubtful debts	7,046	3,154	-	-	7,046	3,154

Statement of Cash Flows (Continued)

As of 31 December 2021

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

	Insurance Operations		Shareholder's Operations		Total	
	2021	2020	2021	2020	2021	2020
Cash flows from operating activities						
Changes in operating assets & liabilities:						
Premiums and reinsurers' receivable	(25,706)	(19,544)	-	-	(25,706)	(19,544)
Reinsurers' share of unearned premiums	2,564	487	-	-	2,564	487
Reinsurers' share of outstanding claims	4,495	27,602	-	-	4,495	27,602
Reinsurers' share of claims incurred but not reported	(272)	4,946	-	-	(272)	4,946
Deferred policy acquisition costs	(5,501)	7,214	-	-	(5,501)	7,214
Deferred excess of loss premiums	(2,492)	2,905	-	-	(2,492)	2,905
Prepayments and other assets	(27,593)	9,936	(2,097)	-	(29,690)	14,959
Policyholders claims payable	(21,420)	13,909	-	-	(21,420)	13,909
Accrued and other liabilities	25,240	(19,690)	604	-	25,844	(18,789)
Reinsurance balances payable	18,969	(4,408)	-	-	18,969	(4,408)
Unearned premiums	96,111	(17,572)	-	-	96,111	(17,572)
Unearned reinsurance commission	(513)	(800)	-	-	(513)	(800)
Outstanding claims	(34,804)	(46,216)	-	-	(34,804)	(46,216)
Claims incurred but not reported	11,221	19,995	-	-	11,221	19,995
Additional premium reserve	(11,225)	22,323	-	-	(11,225)	22,323
Other technical reserves	768	59	-	-	768	59
Accumulated surplus	(4,658)	(3,155)	-	-	(4,658)	(3,155)
Due to related parties	1	(1)	-	-	1	(1)
Cash from (used in) operating activities	37,512	5,557	(83,110)	9,201	(45,598)	14,758

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Statement of Cash Flows (Continued)

As of 31 December 2021

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

	Note	Insurance Operations		Shareholder's Operations		Total	
		2021	2020	2021	2020	2021	2020
Suplus paid to policy holders		-	-	-	-	-	-
Zakat Paid		-	-	(10,077)	(19,336)	(10,077)	(19,336)
Employees' end of service benefits paid		(4,462)	(1,305)	-	-	(4,462)	(1,305)
Net cash from (used in) operating activities		(20,985)	(29,154)	(39,152)	23,271	(60,137)	(5,883)
Cash flows from investing activities							
Decrease/(increase) in murabaha deposits		36,171	194,716	-	280,000	36,171	474,716
Additions of property and equipment		(4,699)	(462)	-	-	(4,699)	(462)
Additions of investment held to maturity		-	(10,000)	(9,724)	-	(9,724)	(10,000)
Additions of available for sale investments		(12,669)	(50,604)	(59,182)	(114,732)	(71,851)	(165,336)
Proceed from disposal of available-for-sale investments	8	6,535	-	23,016	96,765	29,551	96,765
Net cash from (used in) investing activities		25,338	133,650	(45,890)	262,033	(20,552)	395,683
Cash flows from financing activity							
Due to shareholders operations, net		-	-	-	-	-	-
Net cash from (used in) from financing activity		-	-	-	-	-	-
Net change in cash and cash equivalents		4,353	104,496	(85,042)	285,304	(80,689)	389,800
Cash and cash equivalents at the beginning of the year	4	203,466	98,970	356,604	71,300	560,070	170,270
Cash and cash equivalents at the end of the year	4	207,819	203,466	271,562	356,604	479,381	560,070

27. Comparative Figures

Certain comparative figures have been reclassified and regrouped to conform with the current year's presentation to these financial statements.

28. Approval of Financial Statements

These financial statements were approved by the Board of Directors on Sha'ban 4, 1443 H (corresponding to March 7, 2022).