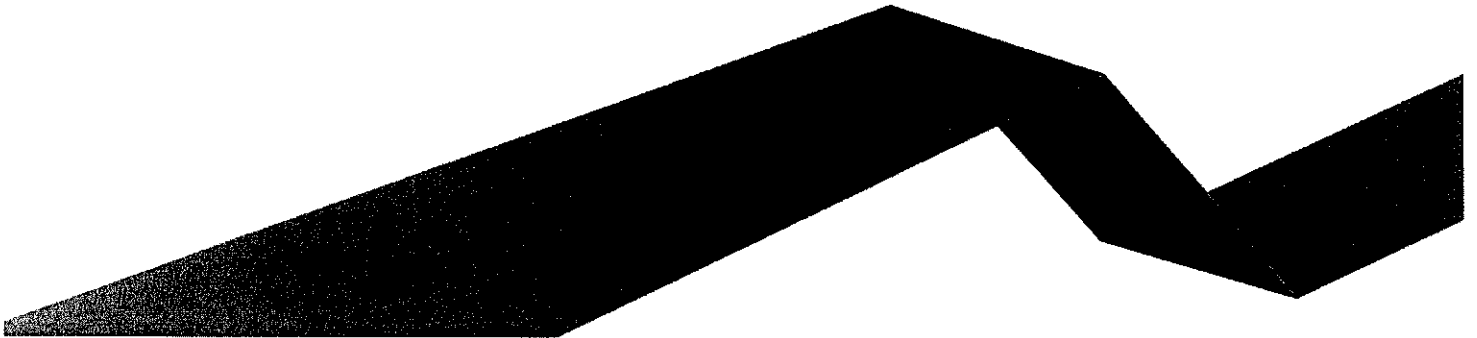




Al Alamiya for Cooperative Insurance Co.

Board of Directors' Report 2018



# BOARD OF DIRECTORS' REPORT

The Board of Directors of Al Alamiya For Cooperative Insurance Company (hereinafter referred to as the "Company" or "Al Alamiya") have great pleasure in presenting to our Shareholders the Annual Report for the year ended 31-12-2018G.

During a year of continued challenging macroeconomic and operational environment, the Company, has persevered with its strict adherence to underwriting, pricing and technical standards and posted Profits after Zakat of SR 20.63 Million vs SR 35.90 Million in 2017. This has resulted in a further improvement in the financial position and the reduction of the accumulated losses of the company by 66.43% at the end of 2018.

Key regulators such as the Saudi Arabian Monetary Authority ("SAMA") and the Capital Markets Authority ("CMA") also continued to further strengthen the regulatory environment and the corporate governance standards. Al Alamiya in keeping with its culture of ensuring compliance with regulatory requirements, views these as positive developments that will help the insurance sector as a whole by enabling a level playing field, improving transparency and protecting the consumers.

## A. BUSINESS PERFORMANCE AND PLANS FOR THE FUTURE

### (i) Principal Activities

The Company is licensed by SAMA to transact insurance and reinsurance business in the Kingdom of Saudi Arabia in the classes of General Insurance, Medical Insurance, and Protection and Savings Insurance.

The split of the activities between the lines of business and the major business segments is as follows:

#### Turnover and contribution to trading results by lines of business

SR Million

| Description                                     | Year        | Property | Motor  | Engineering | Medical | Marine | Others | Total   |
|---|-------------|----------|--------|-------------|---------|--------|--------|---------|
| <b>Gross Written Premiums</b>                   | <b>2018</b> | 81.88    | 110.37 | 20.47       | 20.62   | 19.07  | 41.12  | 293.53  |
|   | <b>2017</b> | 91.65    | 91.65  | 17.02       | 4.99    | 26.00  | 32.06  | 263.37  |
|   | <b>2016</b> | 136.19   | 84.35  | 18.73       | 2.36    | 34.61  | 34.51  | 310.75  |
|   | <b>2015</b> | 128.69   | 166.58 | 20.66       | 5.52    | 35.59  | 44.99  | 402.03  |
|   | <b>2014</b> | 107.95   | 125.68 | 24.96       | 7.91    | 27.61  | 41.09  | 335.20  |
| <b>Net Written Premiums</b>                     | <b>2018</b> | 16.39    | 108.58 | 3.30        | 3.62    | 7.28   | 18.25  | 157.42  |
|   | <b>2017</b> | 27.89    | 89.95  | 0.70        | 2.34    | 10.47  | 15.00  | 146.37  |
|   | <b>2016</b> | 38.26    | 83.12  | 2.57        | 0.88    | 15.81  | 19.96  | 160.60  |
|   | <b>2015</b> | 47.17    | 164.43 | 1.76        | 2.18    | 16.99  | 22.77  | 255.30  |
|   | <b>2014</b> | 15.02    | 123.51 | 1.53        | 3.18    | 11.50  | 17.00  | 171.74  |
| <b>Net Premiums Earned</b>                      | <b>2018</b> | 26.31    | 94.42  | 3.54        | 1.69    | 8.44   | 18.05  | 152.45  |
|   | <b>2017</b> | 32.35    | 86.00  | 0.92        | 1.71    | 11.41  | 17.92  | 150.31  |
|   | <b>2016</b> | 41.88    | 122.70 | 2.66        | 0.92    | 16.86  | 22.28  | 207.30  |
|   | <b>2015</b> | 30.56    | 161.34 | 1.80        | 3.63    | 16.36  | 21.16  | 234.85  |
|   | <b>2014</b> | 6.64     | 119.35 | 1.34        | 5.08    | 11.58  | 16.22  | 160.21  |
| <b>Net Underwriting Result*</b>                 | <b>2018</b> | 34.76    | 23.40  | 5.94        | 0.23    | 10.11  | 11.54  | 85.98   |
|   | <b>2017</b> | 37.65    | 31.68  | 8.34        | 0.42    | 17.13  | 5.34   | 100.56  |
|   | <b>2016</b> | 34.86    | 28.93  | 4.90        | (0.38)  | 15.00  | 18.39  | 101.70  |
|   | <b>2015</b> | 20.33    | 43.58  | 0.94        | 1.58    | 10.54  | 16.89  | 93.86   |
|   | <b>2014</b> | 14.57    | (8.52) | 4.91        | (1.18)  | 8.94   | 10.11  | 28.83   |
| <b>Un-allocated Operating (Expenses)/Income</b> | <b>2018</b> |          |        |             |         |        |        | (57.36) |
|   | <b>2017</b> |          |        |             |         |        |        | (55.53) |
|   | <b>2016</b> |          |        |             |         |        |        | (55.27) |
|   | <b>2015</b> |          |        |             |         |        |        | (65.03) |
|   | <b>2014</b> |          |        |             |         |        |        | (57.09) |
| <b>Insurance operations' Surplus/(Deficit)</b>  | <b>2018</b> |          |        |             |         |        |        | 28.62   |
|   | <b>2017</b> |          |        |             |         |        |        | 45.03   |
|   | <b>2016</b> |          |        |             |         |        |        | 46.43   |
|   | <b>2015</b> |          |        |             |         |        |        | 28.83   |
|   | <b>2014</b> |          |        |             |         |        |        | (28.26) |

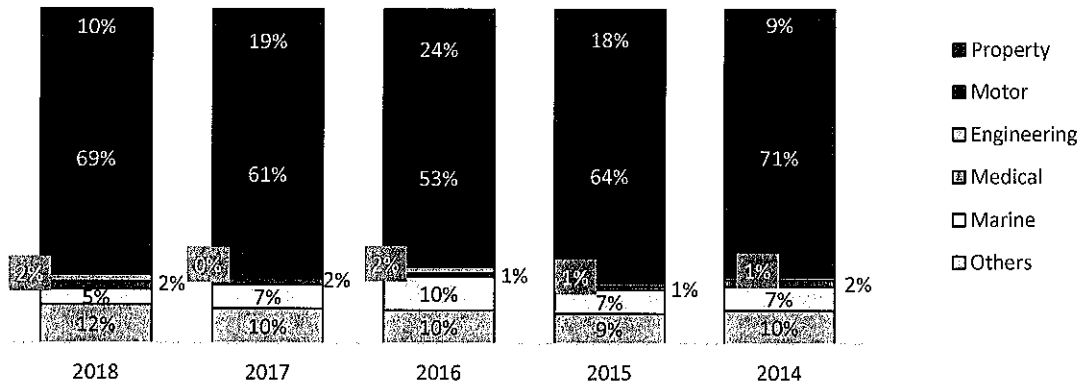
\*Net Underwriting Result excludes the unallocated Other Underwriting Expenses.

## Lines of Business

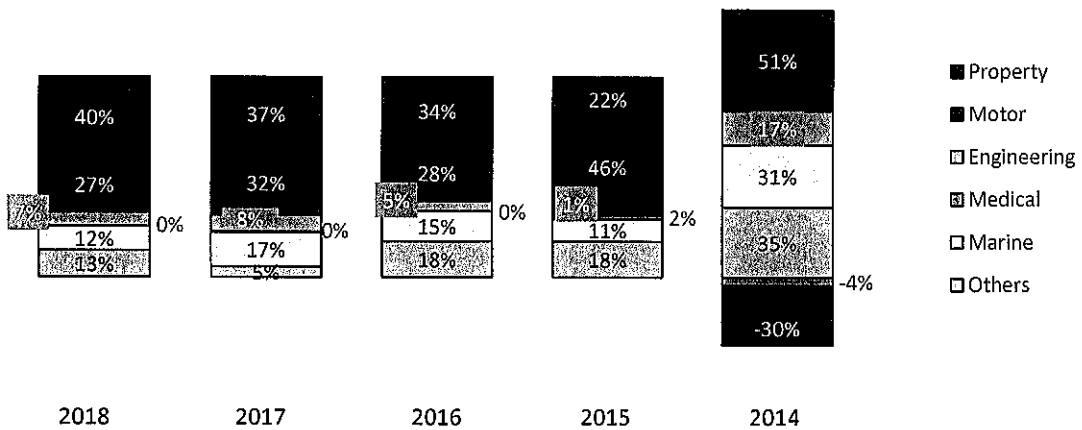
### Gross Written Premiums



### Net Written Premiums



### Net Underwriting Result\*



\*Net Underwriting Result excludes the unallocated Other Underwriting Expenses.

## (ii) Plans for the future\*\*\*

With the ongoing implementation of the Vision 2030 strategic change program in the Kingdom, the insurance market remains extremely competitive. At the same time, scale is becoming important for long-term prospects in the insurance industry in the country. The Company will continue to focus efforts on protecting its business profitability, while improving its growth trajectory.

The Company will maintain its focus on three key areas of distribution – Broker Relationships, Key Account Management and Affinity/Bancassurance – to grow its business across retail, SME, commercial and large and complex risks segments. The Company will continue to refine and develop its strategy across these three key areas to pursue profitable business growth across the various business segments.

The Company has developed and nurtured strong relationships with brokers in the market to drive profitable growth in Large and Complex Risks, Commercial and SME segments through the brokers. The Company plans to continue its endeavors to increase engagement with brokers through bespoke propositions and improved service levels, that will make the brokers' dealings with the Company simple, quick and consistent and lead to enhancing the Company's 'share of wallet' with them.

The Company also plans to direct its efforts towards leveraging and extracting increasing value out of its current affinity relationships, whilst looking for opportunities to widen its affinity partnership base by developing and implementing effective propositions and service solutions.

In keeping pace with the increasing digital adoption by the population, the company is also planning to establish a strong digital platform to offer its products to retail customers, with a view to establish a strong personal lines portfolio and diversify its business from its reliance on the corporate segment.

Alongside these activities the Company will continue to maintain its endeavors to effectively service and retain its key accounts.

The external market efforts are underpinned by the persistent focus of the Company to continually develop the skill sets of its people as well as investments in technology and to build a lean and efficient operating environment. The Company plans to continue its efforts to enhance efficiencies across all its business operations through improving its processes and adopting appropriate technology, with a view to providing improved services to its business partners and customers, while optimizing the cost base for the Company, and without compromising on any of the strong internal controls in place in the business operations.

*\* Note: Presents fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as modified by the Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax;*

*Based on the information that has been made available to them, nothing has come to their attention that causes them to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies, and the By-laws in so far as they affect the preparation and presentation of the financial statements;*

*The key Audit Matter which was of most significance to their audit of the financial statements was the valuation of technical reserves due to significance of the amount involved and the exercise of significant judgment by management in the process for determination of technical reserves.*

### iii) Summary Statements of Financial Position, Comprehensive Income, and Changes in Shareholders' Equity

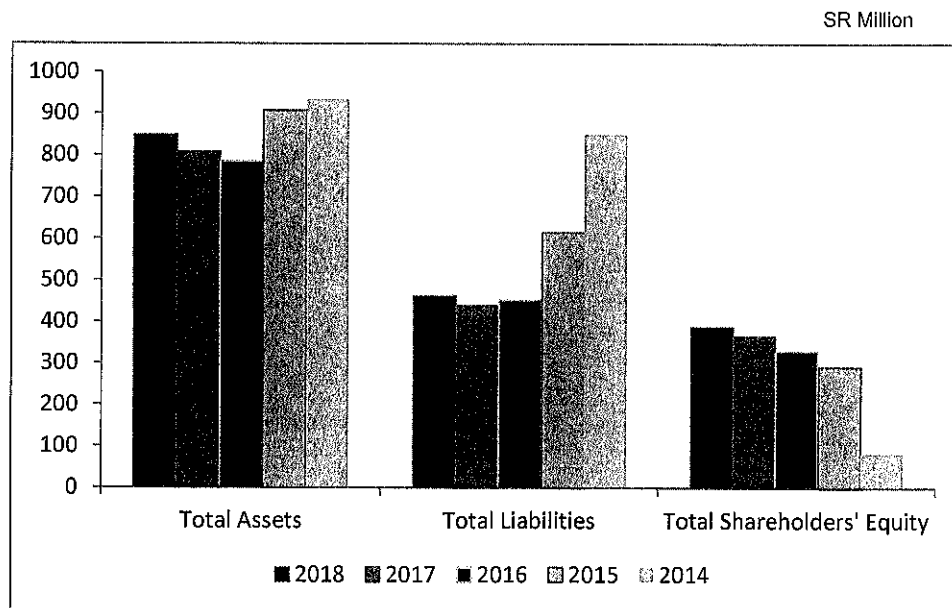
The Company's Statement of Financial Position as at 31-12-2018G, the Statement of Comprehensive Income for the financial year ended 31-12-2018G, and the Statement of Changes in Shareholders' Equity are shown in the tables below:

#### Summary Statement of Financial Position as at 31-12-2018G

| SR Million                   |               |               |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Summary Statement            | 2018          | 2017          | 2016          | 2015          | 2014          |
| Insurance Operations' Assets | 416.11        | 403.14        | 411.34        | 541.25        | 759.54        |
| Shareholders' Assets         | 433.42        | 404.13        | 372.62        | 365.76        | 173.75        |
|                              |               |               |               |               |               |
| <b>Total Assets</b>          | <b>849.53</b> | <b>807.27</b> | <b>783.96</b> | <b>907.01</b> | <b>933.29</b> |

|                                   | 2018          | 2017          | 2016          | 2015          | 2014          |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Insurance Operations' Liabilities | 416.11        | 403.14        | 411.34        | 541.25        | 759.54        |
| Shareholders' Liabilities         | 45.93         | 37.27         | 41.66         | 73.29         | 90.94         |
|                                   |               |               |               |               |               |
| <b>Total Liabilities</b>          | <b>462.04</b> | <b>440.41</b> | <b>453.01</b> | <b>614.54</b> | <b>850.48</b> |
|                                   |               |               |               |               |               |
| <b>Total Shareholders' Equity</b> | <b>387.49</b> | <b>366.86</b> | <b>330.96</b> | <b>292.47</b> | <b>82.81</b>  |

#### Statement of Financial Position Key Indicators



Summary Statement of Comprehensive Income - Insurance Operations for the Year Ended 31-12-2018G

|  | SR Million |         |          |          |          |
|--|------------|---------|----------|----------|----------|
| Comprehensive Income - Insurance Operations                        | 2018       | 2017    | 2016     | 2015     | 2014     |
| Gross Written Premiums   | 293.53     | 263.37  | 310.75   | 402.03   | 335.2    |
| Net Written Premiums   | 157.42     | 146.37  | 160.6    | 255.3    | 171.74   |
| Net Premiums Earned  | 152.45     | 150.31  | 207.3    | 234.85   | 160.21   |
| Net Claims Incurred  | (59.99)    | (46.62) | (101.70) | (140.01) | (140.82) |
| Net Underwriting Surplus   | 85.98      | 99.18   | 100.12   | 91.81    | 27.13    |
| General & Administrative Expenses                                  | (59.95)    | (57.10) | (57.18)  | (63.66)  | (55.93)  |
| Insurance Operations' Surplus/(Deficit)                            | 28.62      | 45.03   | 46.43    | 28.83    | (28.26)  |
| Net Surplus at end of the Period After Shareholders' Appropriation | 2.86       | 4.50    | 4.64     | 2.88     | -        |

Summary Statement of Comprehensive Income - Shareholders' Operations for the Year Ended 31-12-2018G

|  | SR Million |        |        |        |         |
|--|------------|--------|--------|--------|---------|
|  | 2018       | 2017   | 2016   | 2015   | 2014    |
| Shareholders' appropriation from insurance operations' Surplus/(Deficit) | 25.75      | 40.53  | 41.78  | 25.94  | (28.26) |
| Investment income  | 7.32       | 5.76   | 6.30   | 3.10   | 1.56    |
| Costs and expenses   | (1.81)     | (1.81) | (1.73) | (1.77) | (1.41)  |
| Net Income/(Loss)  | 31.26      | 44.49  | 46.35  | 27.28  | (28.11) |
| Total Comprehensive Income/(Loss) before Zakat                           | 30.45      | 44.31  | 46.94  | 26.38  | (28.70) |
| Total Comprehensive Income/(Loss) after Zakat                            | 20.63      | 35.9   | 38.49  | 18.80  | (30.30) |
| Basic and Diluted Earnings/(Loss) per share (Saudi Riyals)               | 0.78       | 1.11   | 1.16   | 0.69   | (0.77)  |

Summary Statement of Changes in Shareholders' Equity

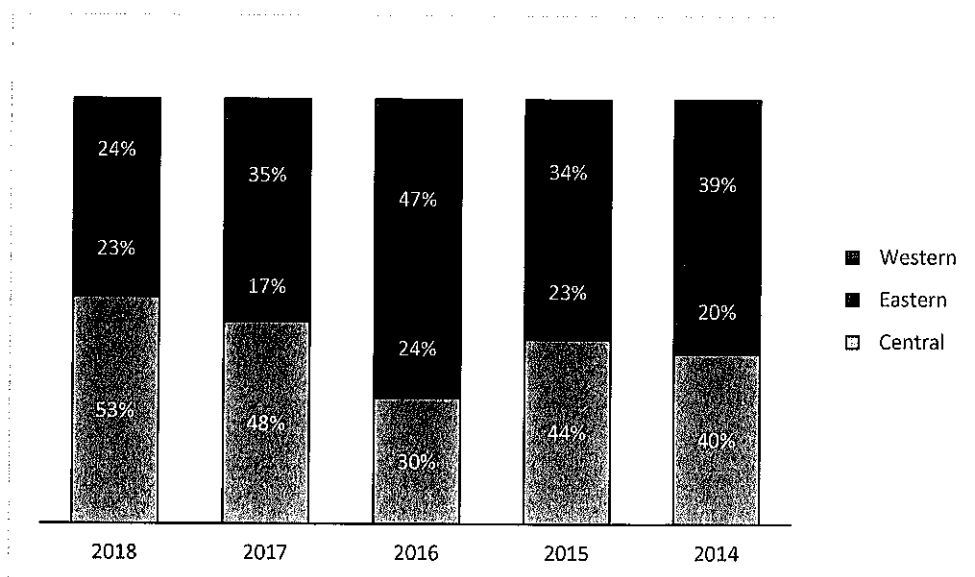
|  | SR Million |         |         |          |          |
|--|------------|---------|---------|----------|----------|
|  | 2018       | 2017    | 2016    | 2015     | 2014     |
| Share Capital  | 400.00     | 400.00  | 400.00  | 400.00   | 200.00   |
| Accumulated losses                                       | (10.84)    | (32.27) | (68.36) | (106.25) | (116.81) |
| Unrealized (Loss)/Gain on available for sale investments | (1.67)     | (0.86)  | (0.68)  | (1.28)   | (0.38)   |
| Total  | 387.50     | 366.87  | 330.96  | 292.47   | 82.81    |

(iv) Geographical Analysis and Material Variations from Previous Year

a) Geographical Analysis

The Company operates solely within the Kingdom of Saudi Arabia. Geographical details of Gross Written Premiums for the various financial reporting periods for the last 5 years up to 2018G are given below:

|                                  | SR Million |        |        |        |        |
|----------------------------------|------------|--------|--------|--------|--------|
| Gross Written Premiums by Region | 2018       | 2017   | 2016   | 2015   | 2014   |
| Central                          | 156.99     | 125.43 | 92.05  | 175.28 | 134.61 |
| Eastern                          | 67.30      | 44.59  | 73.94  | 90.91  | 68.54  |
| Western                          | 69.25      | 93.35  | 144.76 | 135.84 | 132.05 |
| Total KSA                        | 293.53     | 263.37 | 310.75 | 402.03 | 335.20 |



The Company does not have any subsidiaries in any jurisdiction.

#### b) Highlights of Variances in Operating Results

The information presented in the above tables cover the most recent five reporting annual periods. The analysis below explains the differences in the operating results of the year ended 31-12-2018G and the prior year (i.e. year ended 31-12-2017G). As there has been no forecast published by the company relating to the period from 01-01-2018G to 31-12-2018G, no comparison is made between actual results and forecast.

The Company's Gross Premiums Written are SR 293.53 Million in 2018 compared to SR 263.37 Million in 2017 reflecting growth of 11.5%. Motor, Engineering, Medical and Group Life witnessed growth during 2018 while other portfolios have lower premium compared to 2017. The overall increase in Gross Premiums Written has resulted in higher Net Premiums Written and Net Premium Earned which increased by 7.6% and 1.4% respectively compared to 2017.

Net Claims Incurred increased by 28.7% from SR 46.62 Million in 2017 to SR 59.99 Million in 2018.

The Net Underwriting Surplus decreased by 14.9% from SR 99.18 Million in 2017 to SR 84.37 Million in 2018.

Policyholders' investment income of SR 4.19 Million in 2018 improved by 42.5% from SR 2.94 Million in 2017 primarily due to increased average yield in the market.

General and Administrative Expenses under Insurance Operations increased by 4.98% from SR 57.10 Million in 2017 to SR 59.95 Million in 2018.

Total Income for the Year under Insurance Operations for 2018 is SR 28.61 Million compared to SR 45.03 Million in 2017. The decrease in the income for the period compared with the same period of the previous year is primarily due to higher Net Claims Incurred and lower Reinsurance Commission. The decrease in Net Underwriting Surplus is partially offset by higher Net Premium Earned and lower Policy Acquisition Costs.

Shareholders' investment income increased from SR 5.76 Million in 2017 to SR 7.32 Million in 2018 due to better investment placements and increased average yield in the market.

The Total Comprehensive income for 2018 is SR 30.45 Million compared to SR 44.31 Million in 2017.

#### (v) Basis of Reporting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as modified by the Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax and the provisions of the Companies Law. The basis of presentation of the financial statements and the significant accounting policies are explained in greater detail under Notes 2 and 3 of the Notes to the Financial Statements.

## (vi) Dividend Policy

The Company intends to pay annual dividends on the Shares based on the level of required capital to support the Company's operations. However, the Company gives no assurance that any dividend will actually be paid thereafter, nor does it give any assurance as to the amount which will be paid in any given year.

In accordance with Article 44 of the By-Laws of the Company, 10% of the net surplus from Policyholders' operations shall be distributed to the Policyholders, and the balance of 90% shall be carried forward to the Shareholders' Income Statement.

From time to time, dividends will be paid to the Shareholders from the net profits subject to the following limitations contained in Article 45 of the By-Laws and Article 70 of the SAMA Implementing Regulation for the Law on Supervision of Cooperative Insurance Companies:

1. the decreed Zakat and income tax shall be set aside;
2. 20 percent of the net profits shall be allocated to form the statutory reserve. The ordinary General Assembly may discontinue this allocation when the said reserve reaches one hundred percent of the Company's paid-up capital;
3. the ordinary General Assembly may, at the recommendation of the Board, set aside a specific percentage of the annual net profits to build up additional reserves allocated for a specific purpose or purposes as determined by the General Assembly;
4. the balance shall be distributed as a first payment in the amount of at least five percent of paid-up capital to the Shareholders;
5. the remaining balance shall be distributed to the Shareholders as a share in the profits or to be transferred to the retained profits account; and
6. the Board may issue a decision to distribute periodical profits to be deducted from annual profits specified in paragraph 4 above in accordance with the rules and regulations issued by the competent authorities.

Any declaration of dividends will be dependent upon the Company's earnings, its financial condition, the condition of the markets, the general economic climate and other factors, including the Company's analysis of investment opportunities and reinvestment needs, cash and capital requirements, business prospects, as well as other legal and regulatory considerations.

The Company shall immediately inform the public and the Capital Market Authority (CMA) of any resolutions or recommendations for distribution of profit. Any profits so proposed for distribution shall be paid to the Shareholders at the place and time specified by the Board pursuant to the instructions issued by the Ministry of Commerce & Industry and subject to Saudi Arabia Monetary Authority (SAMA) written approval.

## (vii) Risks Facing the Company

The Company has established a risk management framework to effectively manage the various risks facing the Company. For this purpose, the company has adopted the concept of three lines of defense involving all levels in the organization in the management of the risks as follows:

1<sup>st</sup> line of defense: this involves all the business units who are directly responsible for the management of the risks the company faces. They are required to implement the necessary controls and the 1<sup>st</sup> line assurance processes (which include reporting and reviews);

2<sup>nd</sup> line of defense: this includes the control functions which are Risk Management and Compliance. Risk Management is responsible to ensure that the controls and assurances processes around all types of risks are being effectively implemented by the 1<sup>st</sup> line of defense. This is done through specific reporting on the various types of risks. Compliance function is responsible for the management and oversight of the regulatory risk through the development of a dedicated annual strategy and program for the purpose. The compliance function is fully independent from the management and reports to the Audit Committee of the company.

3<sup>rd</sup> line of defense: this line is managed by the Internal Audit Department which provides independent assurance over the effectiveness of the control system to the Audit Committee of the company.

The company has also set up a Risk Committee reporting to the Board of Directors and chaired by a non-executive Board Member. The Committee is responsible for the oversight of all the risk management arrangements of the company. All risks faced by the company are discussed within this forum and actions are defined and agreed on how to mitigate those.

The 2<sup>nd</sup> line and 3<sup>rd</sup> line of defense present their reports to the Audit Committee on a quarterly basis.

The company has also developed:

- 1- A Risk Appetite approved by the Board of Directors which sets risk indicators and limits against all the risks and compliance with this is reported on a quarterly basis to the Risk and Audit Committees.
- 2- A set of policies that have been implemented across the business and meant to manage the risks throughout the organization.
- 3- A delegated authorities framework which aims to clearly define the financial, operational and technical approval processes and limits.

The risks faced by the Company can be categorized as follows:

### a) Financial risk:

The Company's principal financial instruments are receivables arising from insurance and reinsurance contracts, cash and cash equivalents, deposits with banks and investments in bonds and Sukuks. The Company does not enter into derivative transactions.



1. Credit risk: The Company seeks to limit credit risk with respective counter parties (i.e. customers, intermediaries and reinsurers) through a structured credit policy which defines the parameters for setting counter party credit limits as well as for the selection of reinsurance counter parties.
2. Liquidity risk: Liquidity requirements are monitored on a regular basis and action taken to ensure that sufficient liquid funds are available to meet current and future commitments as and when they arise.
3. Market price risk: The Company limits market price risk through a conservative investment policy.
4. Investment rate risk: The Company limits investment rate risk by monitoring changes in investment rates in which its cash and investments are denominated.
5. Foreign currency risk: The Company does not have any significant foreign currency risk due to the limited transactions in foreign currencies.

#### b) Strategic risk:

Strategic risk is actively managed through a structured process of setting and reviewing the strategic direction of the Company, based on a careful study of the macroeconomic environment, developments in the insurance market, competitor analysis and the Company's own evaluation of its risk appetite. The Company also benefits from inputs on global perspectives that it receives from RSA Group.

#### c) Operational risk:

Significant resources are devoted to maintaining an efficient and effective operating environment through deployment of modern technology and a policy framework that addresses areas such as corporate responsibility, business ethics, and code of conduct. The Company's Executive Team actively oversees aggregate operational risk exposure and presents reports to the Risk & Audit Committee and the Board.

#### d) Regulatory risk:

The Company has appointed a Compliance Officer with an appropriate level of independence, reporting into the Audit Committee. A comprehensive framework has been put in place to manage regulatory risks and to ensure compliance with applicable regulatory requirements and to track and monitor regulatory changes and enable the Company to remain compliant with regulatory changes as well as the necessary transparency in the related reporting to the Board of Directors.

#### e) Insurance risk:

The Company's portfolio of business is 'short tail' in nature. The Company adopts a policy of pricing its risks based on technical factors and also coordinates with the RSA Group on technical aspects as and when it deems required. It also undertakes a periodic review of all of its key portfolios under the different lines of business to assess their performance and take corrective action where required. The Company also has a clearly stated risk appetite and closely monitors its aggregate risk exposures. It has put in place appropriate reinsurance arrangements to manage the potential impact of large claims and catastrophe.

#### f) Reputational risk:

The company has put in place measures to proactively manage the reputational risk with key focus on serving customers and brokers well.

### B. SHARES, CONTRACTUALLY BASED SECURITIES, SUBSCRIPTION RIGHTS, DEBT INSTRUMENTS

#### i) Interest in a class of voting Shares held by persons (other than Issuer's Directors, Senior Executives and their spouses and minor children)

There is no individual person who has more than 5% interest in a class of voting Shares of the Company.

The significant (non-individual) shareholders and their ownership in the Company are as follows

|  |        |
|--|--------|
| Royal & Sun Alliance Insurance (Middle East) BSC (c) | 50.07% |
| Riyad Bank   | 19.92% |

#### ii) Interest, contractually based securities and subscription rights of the Company's Directors, Senior Executives and their spouses and minor children in the shares or debt instruments of the Company or any of its Subsidiaries.

| Name of Beneficiary | Beginning of the Year |                  | End of the year  |                  | Net Change |                  | Change Percentage |                  |
|---------------------|-----------------------|------------------|------------------|------------------|------------|------------------|-------------------|------------------|
|                     | Number of Shares      | Debt Instruments | Number of Shares | Debt Instruments | Shares     | Debt Instruments | Shares            | Debt Instruments |
| Khalid Allagany     | 1,000                 | Nil              | 1,000            | Nil              | Nil        | Nil              | Nil               | Nil              |
| Christopher Dooley  | 1,000                 | Nil              | 1,000            | Nil              | Nil        | Nil              | Nil               | Nil              |
| Lloyd East          | 1,000                 | Nil              | 1,000            | Nil              | Nil        | Nil              | Nil               | Nil              |

The above Shares were allotted to the Directors in line with the earlier By-Laws of the Company, which required that members of the Board shall own Shares of the face value of SR 10,000, which are non-negotiable. In the updated By-Laws this requirement has been removed and

the Company has confirmed with CMA that the requirement no longer applies and is making arrangements to release the shares as shown above from the respective directors.

None of the spouses or minor children of the Members of the Board of Directors have any interest in the shares of the company. Also, none of the Senior Executives, their spouses or minor children have any interest in the Shares of the Company.

The Company does not have any debt instruments or contractually based securities that it has issued, nor does the Company have any subsidiaries operating inside or outside the Kingdom of Saudi Arabia.

### iii) Borrowings, Issue/ Redemption of Securities

The Company has neither borrowed any funds, nor has it issued any convertible or redeemable debt instruments, contractually based securities, warrants or any other rights of a similar nature. It has also not made any repayment of any loan or redeemed or converted any redeemable or convertible debt instruments during the period and does not have any outstanding loans or redeemable or convertible debt instruments or contractually based securities or warrants or any other rights of a similar nature as at the end of the period.

## C. RELATED PARTY TRANSACTIONS

### Transactions with the RSA Group

#### - Intellectual Property Agreement

The intellectual property agreement has been signed with RSA Group and been renewed on 11-03-2014G. The duration of the agreement is not defined and is dependent on the shareholding of RSA Group in Al Alamiya through Royal & Sun Alliance Middle East. During the period from 01-01-2018G to 31-12-2018G the Company had incurred a total charge of SR 30,100 in its Statement of Shareholders' Comprehensive Income towards branding fees payable to RSA Insurance Group plc.

#### - Reinsurance Agreements

The Company made reinsurance arrangements on market terms with RSA Insurance Group PLC, by entering into reinsurance treaties which started on 01-01-2018G and ending 31-12-2018G. Based on these reinsurance contracts, the company has ceded SR 20.65 Million representing Reinsurance premiums and earned Reinsurance commission income of SR 6.23 Million.

#### - Technical Services Agreement

The Company has entered into a Technical Services Agreement with the RSA Insurance Group PLC which has been approved by SAMA and renewed on 21-09-2014G for a period of five years. Through this agreement, RSA Insurance Group PLC provides technical services to the Company. During the period from 01-01-2018G to 31-12-2018G, the company incurred a charge of SR 6.48m in its Statement of Insurance Operations for technical services received in various areas of the business under the above mentioned Technical Services Agreement.

RSA Insurance Group PLC is a related party to Al Alamiya through one of its major shareholders, Royal & Sun Alliance Insurance (Middle East) B.S.C (c) and the following members on the Board represent Royal & Sun Alliance Insurance (Middle East) B.S.C (c) on the Board of Directors of the company:

- Matthew Hotson
- Lloyd East
- Christopher Dooley
- Khalid Allagany

### Transactions with Riyadh Bank and its Subsidiaries

#### Transactions with Riyad Bank

#### - Insurance contracts

During the period 01-01-2018 to 31-12-2018 G the Company entered into annual Insurance Contracts on market terms with one of its shareholders, Riyadh Bank, covering insurance of the Motor Leasing Program and Bankers Blanket Bond insurance with a total amount of SR 50,37 Million representing Gross Written Premiums, details of which are as follows:

| Description of Contract | Line of Business                        | Date of Contract  | Gross Written Premiums |
|-------------------------|---|---|------------------------|
| Insurance               | Motor                                   | A number of insurance policies issued from 01-01-2018G to 31-12-2018G as per Insurance policy renewed on 01/11/2018G for a period of one year and expires on 30-10-2019G. | 46,193,849             |
| Insurance               | General Accident (Bankers Blanket Bond) | Annual Policy renewed on 07-07-2018 G for a period of one year.   | 4,173,794              |
| <b>Total</b>            |   |   | <b>50,367,643</b>      |

## Transactions with the subsidiaries of Riyad Bank

### – Insurance contracts through Riyad Company for Insurance Agency

The Company has entered into an agency agreement with Riyad Company for Insurance Agency (a subsidiary of Riyad Bank) on 29-07-2013G to market and sell the company's insurance products. A total gross written premium of SR 30.74 Million has been realized through this channel during the period 01-01-2018G to 31-12-2018G and SR 3.77 Million of commissions has been earned by the Agency, as follows:

| Description of Contract | Line of Business              | Date of Contract  | Customer  | Gross Written Premiums | Commission Earned by Agency |
|-------------------------|-------------------------------|---|---|------------------------|-----------------------------|
| Insurance               | General Accident (Group Life) | A number of insurance policies issued from 01-05-2018G to 31-12-2018G as per insurance policy renewed on 01/05/2018G for a period of one year and expires on 30-04-2019G. | Riyad Bank mortgage scheme                      | 25,310,463             | 2,963,523                   |
| Insurance               | Property                      | A number of insurance policies issued from 01-01-2018 to 31-12-2018G as per insurance policy renewed on 01/05/2018G for a period of one year and expires on 30-04-2019G.  | Riyad Bank mortgage scheme                      | 3,529,985              | 529,498                     |
| Insurance               | Marine                        | The agency contract has been signed on 29-07-2013G. A number of insurance policies issued from 01-01-2018G to 31-12-2018G   | Customers of Riyad Company for Insurance Agency | 1,900,866              | 279,999                     |
| <b>Total</b>            |                               |   |   | <b>30,741,314</b>      | <b>3,773,020</b>            |

Riyad Bank is one of the main shareholders in the Company holding 19.92% of the shares in the Company. The following members on the Board represent Riyad bank:

- Khalid Hariy
- Tariq Al Ghaziri (Resigned on 13-01-2019G)

## Transactions with Board Members and Top Executives

### – Insurance contracts

During the reporting period the Company entered into Insurance Contracts at arm's length and on market terms directly or with business establishments having direct interest of the Company's Board of Directors, the CEO and CFO, the details of which are below:

| Name            | Position                  | Name of Establishment | Line of Business | Period From / To                     | Gross Written Premiums for the period |
|-----------------|---------------------------|-----------------------|------------------|--------------------------------------|---------------------------------------|
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 03-April-2018 to 02-April-2019       | 3,925                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 30-August-2018 to 29-August-2019     | 3,508                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 29-August-2018 to 28-August-2019     | 2,092                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 31-August-2018 to 30-August-2019     | 4,477                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 28-August-2018 to 27-August-2019     | 1,800                                 |
| Khalid Allagany | Managing Director and CEO | N/A                   | Motor            | 20-November-2018 to 19-November-2019 | 12,097                                |
| Khalid Allagany | Managing Director and CEO | N/A                   | Motor            | 20-November-2017 to 19-November-2018 | 13,315                                |

| Name            | Position                  | Name of Establishment | Line of Business | Period From / To                     | Gross Written Premiums for the period |
|-----------------|---------------------------|-----------------------|------------------|--------------------------------------|---------------------------------------|
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 03-April-2018 to 02-April-2019       | 3,925                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 30-August-2018 to 29-August-2019     | 3,508                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 29-August-2018 to 28-August-2019     | 2,092                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 31-August-2018 to 30-August-2019     | 4,477                                 |
| Ossama Bukhari  | Director                  | N/A                   | Motor            | 28-August-2018 to 27-August-2019     | 1,800                                 |
| Khalid Allagany | Managing Director and CEO | N/A                   | Motor            | 20-November-2018 to 19-November-2019 | 12,097                                |
| Fadi Aboul Hosn | Chief Financial Officer   | N/A                   | Motor            | 09-May-2018 to 08-May-2019           | 1,628                                 |

Besides the above there were no transactions or contracts entered into by the Company pertaining to its operations and activities related thereto, in which Directors or the Chief Executive Officer, Chief Financial Officer or any associate had a material interest.

## D. OUTSTANDING STATUTORY DUES AND PAYMENTS MADE TO GOVERNMENT AUTHORITIES

i) The Company does not have any outstanding statutory dues as on 31-12-2018G, except for the following:

| Description  | 31-12-2018G       | 31-12-2017G      |
|--|-------------------|------------------|
| GOSI for the month of December 2018 *                          | 238,040           | 238,553          |
| SAMA Supervision Fees payable for Q4 2018 **                   | 405,940           | 358,742          |
| CCHI Supervision Fees payable Q4 2018 **                       | 184,129           | 5,950            |
| Department of Zakat & Income Tax – Towards withholding tax *** | 384,682           | 11,605           |
| Zakat & Income Tax (Provision)****                             | 9,824,026         | 8,403,981        |
| <b>Total</b>   | <b>11,036,817</b> | <b>9,018,831</b> |

\* GOSI payable is part of the other accrued expenses in Note 13 to the financial statements

\*\* SAMA and CCHI supervision fees are part of Accrued supervision fees in Note 13 of the financial statements.

\*\*\*Withholding tax payable is included in the Accrued Withholding Tax amount in Note 14 to the financial statements. In addition to this balance there are other withholding tax provisions which are not yet due for payment and have been accrued in the financial statements.

\*\*\*\* Zakat & Income Tax provision is shown above for the years 2018 and 2017 standalone liability recorded in the financial statements of the Company (Please refer to note 15) to the financial statements). The total provision in respect of Zakat and Income tax is for a total amount of SR 38,153 thousand at the end of 2017 and SR 31,055 thousand at the end of 2017 (Please refer to note 15 to the financial statements)

ii) Statement of Payments made to Government Authorities during the period from 01-01-2018G to 31-12-2018G

|  | 2018             | 2017             |
|--|------------------|------------------|
| Department of Zakat & Income Tax   | 2,725,566        | 1,342,690        |
| GOSI   | 2,946,376        | 2,738,013        |
| Ministry of Interior, Labor Office, Chamber of Commerce, Municipality, SAGIA | 361,079          | 235,635          |
| SAMA Supervision Fees quarterly payments                                     | 1,404,370        | 1,314,240        |
| CMA payments - Fines   | 0                | 50,000           |
| CCHI License Renewal payments  | 50,000           | 50,000           |
| CCHI Supervision Fees payments   | 27,955           | 50,110           |
| <b>Total</b>   | <b>7,515,346</b> | <b>5,780,688</b> |

## E. EMPLOYEE BENEFITS

The Company did not make any investments or set up any reserves for the benefit of the employees other than those required for payment of performance bonus and end of service benefits in the normal course of business

## F. STATEMENTS

- The Company has maintained proper books of accounts.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the ability of the Company to continue as a going concern.

## G. EXTERNAL AUDITORS' REPORT

The external auditors have issued an unqualified opinion and their report did not contain any reservation on the financial statements. In their audit report they stated that, in their opinion, the financial statements taken as a whole:

- Presents fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as modified by the Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax;
- Based on the information that has been made available to them, nothing has come to their attention that causes them to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies, and the By-laws in so far as they affect the preparation and presentation of the financial statements;
- The key Audit Matter which was of most significance to their audit of the financial statements was the outstanding claims due to significance of the amount involved and the exercise of significant judgment by management in the process for determination of outstanding claims.

## H. CONTINUATION OF EXTERNAL AUDITORS

The Board has accepted all the recommendations of the Audit Committee relating to the appointment, and determination of the remuneration of the external auditors.

The Board of Directors has not recommended that the external auditors should be changed before their current term elapses.

The Board shall consider the appointment of external auditors for 2019 and make recommendations to the Shareholders for consideration at the Annual General Assembly Meeting.

## I. CORPORATE GOVERNANCE

### i) Compliance with Rules and Regulations

#### a. Compliance with the Corporate Governance Regulations Issued by the CMA

During the year the Company took a number of steps to comply with the provisions of the new Corporate Governance Regulations issued by the CMA, which amongst other included:

- Aligning the memberships of the Audit Committee, the risk Committee and the Nomination and Remuneration Committee to conform to the requirements of the regulations.
- Making updates to the Company's Board Governance Manual and the Terms of Reference of the board Committees to reflect these changes and presenting the same to the Shareholders for approval at an Ordinary General Assembly Meeting
- Making updates to the remuneration policy for the Board of Directors, its committees, and senior management

The Company is undertaking a review of its website to assess the enhancements to be made to publish the information required under the regulations in respect of the following:

- Article 8 (a) - information about the nominees for the membership of the Board which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships.
- Article 13 (d) - The date, place and agenda of the General Assembly Meetings
- Article 14 (c) - information related to the items of the General Assembly's agenda
- Article 68 - publishing the nomination announcement
- Article 89 (3) - Ongoing disclosures
- Article 91 - Audit Committee's report

The Company will ensure these disclosures are made on its website when applicable, such as when opening nominations for board members, holding a general assembly, and with respect to on-going disclosures.

The Managing Director and CFO typically attend the General Assembly Meetings of the Company and take note of suggestions and remarks by the Shareholders on the Company and its performance.

Subject to the above, the Company Complies with the provisions of the CMA's Corporate Governance Regulations that take effect on 31-12-2018G.

Numbers of company's requests of shareholders records, dates and reasons thereof:

| Number | Date       | Reason            |
|--------|------------|-------------------|
| 1      | 23-01-2018 | For Company usage |
| 2      | 24-01-2018 | For Company usage |
| 3      | 11-02-2018 | For Company usage |
| 4      | 14-05-2018 | For Company usage |
| 5      | 05-06-2018 | AGM               |
| 6      | 30-07-2018 | Other             |
| 7      | 09-09-2018 | Other             |
| 8      | 10-10-2018 | AGM               |
| 9      | 29-11-2018 | Other             |

## ii) Board of Directors

### Composition of the Board of Directors

The Company's By-Laws provide that the Company shall be managed by a Board of Directors consisting of nine (9) members appointed by the ordinary General Assembly for a term not exceeding three years.

The third three-year term of the board came to an end during the year at which time the following members did not offer themselves for reappointment in the fourth term of the board.

- Ali Husein Alireza (Independent)
- Dr. Mohammed Al Blehed (Independent)
- Ossama Bukhari (Riyad Bank representative)

An Ordinary General Assembly meeting was held on 10-10-2018G at which the remaining six members were appointed for the fourth three-year term commencing 10-10-2018G along with the following new members.

- Abdulaziz Bin Hassan (Independent)
- Tariq Al Khayyal (Independent)
- Tariq Al Ghaziri (Riyad Bank representative)

At the same Ordinary General Assembly meeting the shareholder approved the following appointments to the audit committee for its three-year term to synchronise with the new term of the board.

- Dr. Saleh Al Shinifi (Chairman)
- Ayman Al Ghamdi (Independent Member)
- Dr. Ahmed Mohammed Al Salman (Independent Member)

SAMA approvals for Chairman, Deputy Chairman of the Board and the Chairmen of the Board Committees was received on 13th Feb 2019

The position of membership of the Board, following the above change is as follows:

|    | Name of Director     | Position          | Classification                             |
|----|----------------------|-------------------|--|
| 1. | Abdulaziz Bin Hassan | Chairman          | Independent Director                       |
| 2. | Tariq Al Khayyal     | Vice Chairman     | Independent Director                       |
| 3. | Dr. Saleh Al Shinifi | Director          | Independent Director                       |
| 4. | Khalid Hariry        | Director          | Non-Executive Director, Riyad Bank Nominee |
| 5. | Tariq Al Ghaziri#    | Director          | Non-Executive Director, Riyad Bank Nominee |
| 6. | Matthew Hotson       | Director          | Non-Executive Director, RSA Nominee **     |
| 7. | Christopher Dooley   | Director          | Non-Executive Director, RSA nominee **     |
| 8. | Lloyd East           | Director          | Non-Executive Director, RSA nominee **     |
| 9. | Khalid Allagany      | Managing Director | Executive Director, RSA Nominee **         |

\*\* RSA means Royal & Sun Alliance Insurance (Middle East) B.S.C (c)

# Tariq Al Ghaziri has since resigned from the board on 13-01-2019G

All the above changes have been notified to the regulators as required under regulation

Name(s) of Joint Stock Company(s) in which Members of the Company's Board of Directors act as a Member of the Board of Directors.

| Name of Director     | Board or other positions held in other Company(s) inside or outside KSA | Position   | Entity Type / Domicile                        |
|----------------------|---|--|---|
| Abdulaziz Bin Hassan | Credit Suisse, Saudi Arabia   | Chief Executive Officer & Managing Director  | Banking                                       |
|                      | Tadawul   | Member of the Board of Directors   | Semi-governmental                             |
| Tariq Al Khayyal     | Diyar Alkhayyal Real Estate Development Co                              | Founder and MD   | Constructions                                 |
| Dr. Saleh Al Shinifi | SAFAH Foundation  | Secretary General & Member Board of Director   | Insurance Company                             |
|                      | Altayar group   | Member, Audit Committee  | Listed Company                                |
|                      | SAR Company   | Member, Audit Committee  | Saudi Listed Joint Stock Company, KSA         |
| Tariq Al Ghaziri     | Riyad Bank  | Senior Vice President - Corporate Finance Department   | Saudi Listed Joint Stock Company, KSA         |
| Khalid Hariry        | Riyad Company for Insurance Agency                                      | Board member   | Limited Liability Company owned by Riyad Bank |
|                      | Riyad Bank  | Senior Vice President, Manager Business performance transformation department                          | Saudi Listed Joint Stock Company, KSA         |
| Lloyd East           | Royal & Sun Alliance Insurance (Middle East) BSC ( c )                  | Board Member and member of Nomination & Remuneration Committee   | Closed Joint Stock Company, Bahrain           |
|                      | Al Ahlia Insurance CO, SAOG   | Chief Executive Officer  | Listed Joint Stock Company, Oman              |
|                      | Omani Unified Bureau for the Orange Card SAOC                           | Vice Chairman – Board and Chairman of Executive Committee  | Omani Closed Joint Stock Company              |
| Christopher Dooley   | Royal & Sun Alliance Insurance (Middle East) BSC ( c )                  | Managing Director and member of Investment Committee   | Closed Joint Stock Company, Bahrain           |
|                      | Al Ahlia Insurance CO, SAOG   | Chairman of the Board of Directors   | Listed Joint Stock Company, Oman              |
| Matthew Hotson       | RSA Insurance Group, UK   | Chief Financial Officer, UK and International  | Plc Company, UK                               |
|                      | Royal & Sun Alliance Insurance (Middle East) BSC ( c )                  | Board Member and member of Audit & Risk Committee  | Closed Joint Stock Company, Bahrain           |
|                      | Al Ahlia Insurance CO, SAOG   | Board Member and member of Audit Committee, Chairman of Nomination Remuneration & Investment Committee | Listed Joint Stock Company, Oman              |
| Khalid Allagany      | Al Alamiya For Cooperative Insurance co                                 | Chief Executive Officer  | Saudi Listed Joint Stock Company, KSA         |

#### Functions

The Board is responsible for the direction and oversight of the Company on behalf of the Shareholders and is accountable to them for all aspects of the Company's business. It is the Board's responsibility to adopt strategic plans, monitor operational performance, ensure that an effective risk management strategy is in place and all applicable legislation and regulation is complied with. The Board operates the following Board Committees to assist in discharging its duties:

- the Executive Committee;
- the Investment Committee;
- the Disclosure Committee;
- the Audit Committee;
- the Risk Committee and
- the Nomination & Remuneration Committee.

The Company is committed to implementing a sound corporate governance framework through which the objectives of the Company are set and the means of attaining these objectives and monitoring performance is determined. To achieve this, the Company operates within a set of corporate governance principles which, together with the roles and responsibilities of the Board are set out in the form of a Board Governance Manual.

## Chairman and Managing Director

The division of responsibilities between the Chairman and the Managing Director are clearly defined by the Board and are in compliance with applicable laws and regulations in the Kingdom of Saudi Arabia. The Chairman is not involved in the day-to-day management of the Company or its business, whereas the Managing Director has direct responsibility for the management of the Company.

## Meetings

During the financial year 2018 the Board of Directors held 4 meetings. The attendance at these meetings has been as follows:

|                         | Date of Meeting |             |             |             | Remarks  |
|-------------------------|-----------------|-------------|-------------|-------------|--|
|                         | 19-03-2018G     | 05-06-2018G | 12-11-2018G | 18-12-2018G |  |
| Abdulaziz Bin Hassan*   | NA              | NA          | Y           | N           | Appointed on 10-10-2018G, Acted as Chairman for the meeting on 12-11-2018G |
| Tariq Al Khayyal*       | NA              | NA          | Y           | Y           | Appointed on 10-10-2018G, Acted as Chairman for the meeting on 18-12-2018G |
| Dr. Saleh Al Shinifi    | Y               | Y           | Y           | Y           |  |
| Tariq Al Ghaziri*       | NA              | NA          | Y           | Y           | Appointed on 10-10-2018G   |
| Khalid Hariry           | Y               | N           | Y           | N           |  |
| Christopher Dooley      | Y               | Y           | Y           | Y           |  |
| Khalid Allagany         | Y               | Y           | Y           | Y           |  |
| Lloyd East              | Y               | Y           | Y           | Y           | Attended via Video Conference on 12-11-2018G                               |
| Matthew Hotson          | Y               | Y           | N           | Y           |  |
| Ali Husein Alireza #    | Y               | Y           | NA          | NA          | Term expired on 10-10-2018G  |
| Dr. Mohammed Al Blehed# | Y               | Y           | NA          | NA          | Term expired on 10-10-2018G  |
| Ossama Bukhari #        | Y               | Y           | NA          | NA          | Term expired on 10-10-2018G  |

Y – Attended in person

N – Did not attend

NA – Had either resigned or was not appointed at that time.

\* Appointed during the period

# Resigned during the period

Since the inception of the Company, the Board has also put in place a process of holding telephone conference meetings, for management to present to the board members the Interim financial statements for approval, in accordance with the regulatory time lines. During the year 2018, four such telephone conference meetings were held as follows;

|                          | Date of Meeting |           |          |           | Remarks   |
|--------------------------|-----------------|-----------|----------|-----------|---|
|                          | 25-01-18G       | 01-05-18G | 31-07-18 | 01-11-18G |   |
| Abdulaziz Bin Hassan*    | NA              | NA        | NA       | Y         | Appointed on 10-10-2018G  |
| Tariq Al Khayyal*        | NA              | NA        | NA       | Y         | Appointed on 10-10-2018G  |
| Dr. Saleh Al Shinifi     | Y               | Y         | Y        | N         |   |
| Tariq Al Ghaziri*        | NA              | NA        | NA       | Y         | Appointed on 10-10-2018G  |
| Khalid Hariry            | Y               | N         | N        | Y         |   |
| Christopher Dooley       | Y               | Y         | Y        | Y         |   |
| Khalid Allagany          | Y               | Y         | Y        | Y         |   |
| Lloyd East               | N               | Y         | P        | Y         | Appointed Chris Dooley as proxy on 31-07-2018G                                |
| Matthew Hotson           | Y               | Y         | Y        | Y         |   |
| Ali Husein Alireza #     | Y               | N         | Y        | NA        | Term expired on 10-10-2018G   |
| Dr. Mohammed Al Blehed # | Y               | Y         | N        | NA        | Term expired on 10-10-2018G, Acted as Chairman for the meeting on 01-05-2018G |
| Ossama Bukhari #         | Y               | Y         | Y        | NA        | Term expired on 10-10-2018G   |

Y – Attended in person

N – Did not attend

NA – Had either resigned or was not appointed at that time.

\* Appointed during the period

# Resigned during the period

## Board & Committee's Performance Assessment

The Board in conjunction with the Nomination & Remuneration Committee has put in place a two-stage process for the review of the performance of the performance of the board. In stage-1, the board secretary circulates a questionnaire to the members inviting them to provide their responses to a range of parameters covering the board's constitution, structure, activities and performance. These responses are summarized by the board secretary and presented to the Nomination & Remuneration Committee. The Chairman of the Committee then provides an update to the board on the self-assessment responses of the board members highlighting key observations as applicable. Stage-2 involves the Chairman having confidential one to one discussions with other members of the board as requested, which provide



two-way platform for providing feed back to the respective members on their performance and contributions and receiving suggestions and feedback from them.

The board Committees at the end of each year carry out a discussion based self-assessment, facilitated by the secretary, against their respective duties as set out in the Committee's terms of reference. The conclusions are captured in the form of a memo from the Committee Chairman and shared with the Nomination & Remuneration Committee and the board.

The Company shall discuss and consider an independent review by an appropriate external body in 2019. No such review was carried out in 2018.

### iii) Shareholder Meetings

During the financial year 2018 the Company held three (3) shareholder general assembly meetings as below.

At these meetings, the Company took all the necessary steps to provide the Shareholders the opportunity to exercise their rights, raise questions or clarifications and provide suggestions or remarks to the board members. Following these meetings, the Company uploaded the minutes of the meetings as required on TADAWUL and the Chairman shared with other board members any suggestions or remarks received from or made by the shareholders.

The dates and attendance by board members at these meetings were as follows

| Date        | Type of Meeting  | Attendance by Board Members  |
|-------------|--|--|
| 05-06-2018G | Annual General Assembly & Extraordinary General Assembly | <ul style="list-style-type: none"> <li>- Khalid Allagany</li> <li>- Dr. Saleh Al Shinifi</li> <li>- Dr. Mohammed Al-Blehed</li> <li>- Osama Bukhari</li> <li>- Chris Dooley</li> <li>- Lloyd East</li> <li>- Matthew Hotson</li> </ul> |
| 10-10-2018G | Ordinary General assembly                                | <ul style="list-style-type: none"> <li>- Khalid Allagany</li> <li>- Dr. Saleh Al Shinifi</li> <li>- Dr. Mohammed Al-Blehed</li> <li>- Chris Dooley</li> </ul>  |

### iii) Board Committees:

#### Executive Committee:

##### a. Composition

The Executive Committee shall comprise of a minimum of three and a maximum of five members. The current composition of the committee is as follows:

| Name                | Designation                                   | Role in Committee |
|---------------------|---|-------------------|
| Khalid Allagany     | Managing Director and Chief Executive Officer | Chairman          |
| Fadi Aboul Hosn     | Chief Financial Officer                       | Member            |
| Russell Tong        | Technical Director                            | Member            |
| Salagame Shashidhar | Strategy & Change Director                    | Member            |

##### b. Functions

The purpose of the committee is to assist the Chief Executive Officer in the performance of his duties, including:

- the development and implementation of strategy, operational plans, policies, procedures and budgets;
- the monitoring of operating and financial performance;
- the assessment and control of risk;
- the prioritization and allocation of resources; and
- monitoring competitive forces in each area of operation.

##### c. Meetings

The Committee held six meetings during the period from 01-01-2018 up to 31-12-2018 G. The dates of the meetings and the attendance were as follows:

|                     | Date of Meeting |           |           |           |           |           | Remarks                  |
|---------------------|-----------------|-----------|-----------|-----------|-----------|-----------|--------------------------|
|                     | 11-03-18G       | 08-04-17G | 03-06-18G | 16-09-18G | 07-10-18G | 13-12-18G |                          |
| Khalid Allagany     | Y               | Y         | Y         | Y         | Y         | Y         |                          |
| Fadi Aboul Hosn     | Y               | Y         | Y         | Y         | Y         | Y         |                          |
| Russell Tong        | NA              | NA        | NA        | NA        | NA        | N         | Appointed on 26-09-2018G |
| Salagame Shashidhar | Y               | Y         | Y         | Y         | Y         | Y         |                          |
| Mohamed Hasan       | Y               | Y         | Y         | Y         | Y         | Y         |                          |
| Ahmed Khalifa       | Y               | Y         | Y         | NA        | NA        | NA        | Resigned on 22-07-2018G  |

Y – Attended in person

N – Did not attend

NA – Had either resigned or was not appointed at that time

## Investment Committee:

### a. Composition

The Investment Committee shall comprise of a minimum of three and a maximum of five members. The current composition of the committee is as follows:

| Name                   | Designation  | Role in Committee |
|------------------------|--|-------------------|
| Abdulaziz Bin Hassan # | Chairman of the Board                              | Chairman          |
| Tariq Al Khayyal       | Deputy Chairman of the Board                       | Member            |
| Khalid Hariry          | Non-Executive Director, Riyadh Bank Representative | Member            |

# Abdulaziz Bin Hassan was appointed by the committee on 13-02-2019G, replacing Khalid Allagany. He was also made chairman of the committee.

### b. Functions

The purpose of the committee is to manage all aspects of the investment assets held by the Company subject to adherence to the terms of the Investment Directives and the Committee Dealing Limits and in line with the applicable laws of the Kingdom of Saudi Arabia.

### c. Meetings

The Committee held four meetings during the period from 01-01-2018 up to 31-12-2018 G. The dates of the meetings and the attendance were as follows

|                      | Date of Meeting |           |           |           | Remarks   |
|----------------------|-----------------|-----------|-----------|-----------|---|
|                      | 18-03-18G       | 04-06-18G | 12-11-18G | 16-12-18G |   |
| Abdulaziz Bin Hassan | NA              | NA        | NA        | NA        | Appointed on 10-02-2019G  |
| Tariq Al Khayyal     | NA              | NA        | Y         | Y         | Appointed on 01-11-2018G  |
| Khalid Hariry        | Y               | N         | Y         | Y         |   |
| Khalid Allagany      | Y               | Y         | Y         | Y         | Resigned on 10-02-2019G   |
| Ali Husein Alireza   | Y               | Y         | NA        | NA        | Term expired on 10-10-2018G, Attended via Telephone Conference on 18-03-2018G |

Y – Attended in person

N – Did not attend

NA – Had either resigned or was not appointed at that time

## Disclosure Committee:

### a. Composition

The Disclosure Committee shall comprise of a minimum of three and a maximum of five members. The current composition of the committee is as follows:

| Name               | Designation                                   | Role in Committee |
|--------------------|---|-------------------|
| Khalid Allagany    | Managing Director and Chief Executive Officer | Chairman          |
| Christopher Dooley | Non-Executive Director, RSA Representative*   | Member            |
| Fadi Aboul Hosn    | Chief Financial Officer                       | Member            |

\* RSA means Royal & Sun Alliance Insurance (Middle East) B.S.C (c).

### b. Functions

The purpose of the committee is to ensure the Company's compliance with all legal and regulatory requirements relating to announcements, notifications, submissions, filings and approvals arising from its listing on the Tadawul. In line with its Terms of Reference, the committee can hold meetings through electronic means.

### c. Meetings

The committee held meetings through electronic means to review and approve the company's announcements on Tadawul website. The committee held twenty-five of these meetings during the period from 01-01-2018 up to 31-12-2018 G. All Committee members participated in all these meetings through electronic means in line with its terms of reference.

## Audit Committee:

### a. Composition

The Audit Committee shall comprise of a minimum of three and a maximum of five members. The current composition of the committee was duly approved by the shareholders at Ordinary General Assembly Meetings held on 10-10-2018G and is as follows:

| Name                 | Designation                         | Role in Committee |
|----------------------|-------------------------------------|-------------------|
| Dr. Saleh Al Shinifi | Independent Board Member            | Chairman          |
| Ayman Al Ghamdi      | Independent Member on the Committee | Member            |
| Dr. Ahmed Al Salman  | Independent Member on the Committee | Member            |

### b. Functions

The purpose of the Committee is to review the compliance function and assess the Company's processes relating to its risk, compliance and internal control systems. Furthermore, the Committee will review the Company's financial statements and the effectiveness of the external audit process and internal audit functions.

### c. Meetings

The Committee held a total of seven meetings during the period from 01-01-2018 up to 31-12-2018G. The dates of the meetings and the attendance were as follows;

## Physical (Face to Face) Meetings

|                      | Date of Meeting |           |             |             | Remarks  |
|----------------------|-----------------|-----------|-------------|-------------|--|
|                      | 18-03-18G       | 04-06-18G | 31-10-2018G | 12-12-2018G |  |
| Dr. Saleh Al Shinifi | Y               | Y         | Y           | Y           | Attended via Telephone Conference on 18-03-2018G |
| Ayman Al Ghamdi      | Y               | Y         | Y           | Y           |  |
| Dr. Ahmed Al Salman  | NA              | NA        | Y           | Y           | Appointed on 10-10-2018G                         |
| Riyad Al Dughaiter   | Y               | N         | NA          | NA          | Term expired on 10-10-2018G                      |

Y – Attended in person

N – Did not attend

NA – Had either resigned or was not appointed at that time

## Telephone Meetings

Since inception the Audit Committee has also put in place a process of holding telephone meetings, for management to present to the Committee members the interim and annual financial statements, in accordance with the regulatory time lines. The Audit Committee reviews the interim financial statements during these meetings and makes recommendations on the same to the Board of Directors. The Company's external and internal auditors also participate in these telephone meetings providing responses to any queries that the members may raise. During the year 2018, three such telephone meetings were held as follows:

|                      | Date of Meeting |           |             | Remarks                     |
|----------------------|-----------------|-----------|-------------|-----------------------------|
|                      | 24-01-18G       | 30-04-18G | 30-07-2018G |                             |
| Dr. Saleh Al Shinifi | Y               | Y         | Y           |                             |
| Ayman Al Ghamdi      | Y               | Y         | Y           |                             |
| Dr. Ahmed Al Salman  | NA              | NA        | NA          | Appointed on 10-10-2018G    |
| Riyad Al Dughaiter   | Y               | Y         | N           | Term expired on 10-10-2018G |

Y – Attended

N – Did not attend

NA – Had either resigned or was not appointed at that time

## Risk Committee:

### a. Composition

The Risk Committee shall comprise of at least three (3) members and not more than five (5) members headed by a non-executive member. The current members are as follows

| Name Designation | Designation  | Role in Committee       |
|------------------|--|-------------------------|
| Chris Dooley     | Non-Executive Director, RSA Representative         | Chairman                |
| Khalid Allagany  | Managing Director and Chief Executive Officer      | Member                  |
| Fadi Aboul Hosn  | Chief Financial Officer                            | Member                  |
| Matthew Hotson   | Non-Executive Director, RSA Representative         | Member                  |
| Tariq Al Ghaziri | Non-Executive Director, Riyadh Bank Representative | Resigned on 13-01-2019G |

\*RSA means Royal & Sun Alliance Insurance (Middle East) B.S.C (c)

#### b. Function

The Committee has the responsibility to oversee the Company's risk management arrangements ensuring the risk appetite is appropriate and adhered to and that key risks are identified and managed.

#### c. Meetings

The Committee held four meetings during the period from 01-01-2018 up to 31-12-2018G. The dates of the meetings and the attendance were as follows;

|                  | Date of Meeting |           |           |           | Remarks   |
|------------------|-----------------|-----------|-----------|-----------|---|
|                  | 19-03-18G       | 05-06-18G | 12-11-18G | 18-12-18G |   |
| Chris Dooley     | Y               | Y         | Y         | Y         |   |
| Matthew Hotson   | Y               | Y         | N         | Y         |   |
| Khalid Allagany  | Y               | Y         | Y         | Y         |   |
| Fadi Aboul Hosn  | Y               | Y         | Y         | Y         |   |
| Tariq Al Ghaziri | NA              | NA        | Y         | Y         | Appointed on 10-10-2018G<br>Resigned on 13-01-2019G |
| Ossama Bukhari   | Y               | Y         | NA        | NA        | Term expired on 10-10-2018G                         |

Y – Attended

N – Did not attend

NA – Had either resigned or was not appointed at that time

### Nomination and Remuneration Committee:

#### a. Composition

The Nomination and Remuneration Committee shall comprise of a minimum of three and a maximum of five members. The current composition of the Committee is as follows:

| Name Designation     | Designation  | Role in Committee |
|----------------------|--|-------------------|
| Tariq Al Khayyal     | Independent Director                               | Chairman          |
| Abdulaziz Bin Hassan | Independent Director                               | Member            |
| Khalid Hariry        | Non-Executive Director, Riyadh Bank Representative | Member            |
| Lloyd East           | Non-Executive Director, RSA Representative *       | Member            |

\*RSA means Royal & Sun Alliance Insurance (Middle East) B.S.C (c)

#### b. Functions

The purpose of the committee is to ensure transparency in the procedures for the selection, appointment and removal of Directors. All appointments and removals are to be ratified by the General Assembly. The committee will also be responsible for establishing policies regarding the indemnity and remuneration of Directors and Senior Managers.

#### c. Meetings

The committee held three meetings during the period from 01-01-2018G up to 31-12-2018G. The dates of the meetings and the attendance were as follows;

|                        | Date of Meeting |             |             | Remarks                     |
|------------------------|-----------------|-------------|-------------|-----------------------------|
|                        | 19-03-2018G     | 05-06-2018G | 12-11-2018G |                             |
| Tariq Al Khayyal       | NA              | NA          | Y           | Appointed on 10-10-2018G    |
| Abdulaziz Bin Hassan   | NA              | NA          | Y           | Appointed on 10-10-2018G    |
| Khalid Hariry          | Y               | N           | Y           |                             |
| Lloyd East             | Y               | Y           | Y           |                             |
| Dr. Mohammed Al-Blehed | Y               | Y           | NA          | Term expired on 10-10-2018G |
| Ali Husein Alireza     | Y               | Y           | NA          | Term expired on 10-10-2018G |

Y – Attended

N – Did not attend

NA – Had either resigned or was not appointed at that time

#### iv) Compensation paid to Board members, Audit Committee Members and Senior Executives

##### a. Board Members

The remuneration payable to the Chairman and the Directors of the Company, including the fees for attendance at Board and Committee meetings, is in line with the By-Laws of the Company. Accruals have been made in the Financial Statements in accordance with these provisions, after considering the waiver by the non-independent members of the Board of their rights to remuneration as explained below.

The details of remuneration payable to the Chairman and the Independent Directors for the period from 01-01-2018G up to 31-12-2018G for which provisions has been made in the financial statements are as follows:

| Board Members            | 2018                |                           |                             | SR       |          |
|--------------------------|---------------------|---------------------------|-----------------------------|----------|----------|
|                          | Annual Remuneration | Board Meetings Attendance | Board Committees Attendance | Total SR | Total SR |
| Abdulaziz Bin Hassan *   | 26,959              | 3,000                     | 1,500                       | 31,459   | Nil      |
| Tariq Al Khayyal *       | 26,959              | 6,000                     | 4,500                       | 37,459   | Nil      |
| Dr. Saleh Al Shinifi &   | 120,000             | 12,000                    | Note b. below               | 132,500  | 11,178   |
| Ali Husein Alireza #     | 180,000             | 6,000                     | 6,000                       | 192,000  | 199,500  |
| Dr. Mohammed Al-Blehed # | 120,000             | 6,000                     | 3,000                       | 129,000  | 138,000  |

# For the period until the expiry of the third three-year term of the board.

\*Prorate for new (Fourth) term of Board 10-10-2018 to 31-12-2018G

& From 1<sup>st</sup> Jan 2018G until expiry of the third three-year term plus prorata from 10-10-2018G to 31-12-2018G

The Non-Independent Directors on the Board (i.e. the nominees of Riyadh Bank and Royal & Sun Alliance Insurance (Middle East) B.S.C(c) have waived their rights to remuneration and fees for the attendance of Board and Committee meetings.

##### b. Audit Committee Members

Independent members on the Company's Audit Committee are paid an annual remuneration of Saudi Riyals SR 120,000 per annum and attendance fees of SR 1,500 per meeting. In the event that they are required to attend any of the Board meetings they are eligible to the Board Meeting attendance fees of Saudi Riyals 3,000 per meeting, for such attendance.

| Audit Committee Members | 2018                |                           |                             | 2017     |          |
|-------------------------|---------------------|---------------------------|-----------------------------|----------|----------|
|                         | Annual Remuneration | Board Meetings Attendance | Audit Committees Attendance | Total SR | Total SR |
| Dr. Saleh Al Shinifi &  |                     |                           | 10,500                      | 10,500   |          |
| Ayman Al Ghamdi         | 120,000             |                           | 10,500                      | 130,500  | 133,500  |
| Dr. Ahmed Al Salman *   | 26,959              |                           | 3,000                       | 29,959   |          |
| Riyad Al Dughalther #   | 93,041              |                           | 4,500                       | 97,541   | 136,500  |

# For the period until the expiry of the third three-year term of the committee on 10-10-2018G.

\*Prorate for the period of the new term of the committee i.e. 10-10-2018 to 31-12-2018G.

& From 1<sup>st</sup> Jan 2018G until 10-10-2018G in respect of the previous term of the committee and from 10-10-2018G to 31-12-2018G in respect of the new term of the committee.

Apart from the above amount paid to the Independent Board Members for Board and Board Committees attendance and the remuneration paid to the Audit Committee members no other remuneration was paid to any of the other members of any of the Committees.

##### c. Senior Executives

Compensation and remuneration paid to the top five executives (including the Chief Executive Officer and the Chief Financial Officer who are within the top five) during the period was SR 7,625,944 as follows:

| Particulars Of Compensation |  | Amount (SR) |           |
|-----------------------------|--|-------------|-----------|
|                             |  | 2018        | 2017      |
| i)                          | Salaries and Compensation  | 4,156,473   | 4,165,296 |
| ii)                         | Allowances   | 1,168,525   | 1,167,324 |
| iii)                        | Periodical and annual bonuses                                    | 1,410,774   | 1,425,491 |
| iv)                         | Other compensation or benefits paid on a monthly or annual basis | 943,624     | 867,833   |
|                             | Total  | 7,679,396   | 7,625,944 |

#### v) Confirmation

During the period of the report, the Company paid a penalty of SR 20,000 to the CMA for disclosure of incorrect information in its announcement published on the Saudi Stock Exchange TADAWUL website on 08-08-2018G regarding its interim financial results for the period ending on 30-06-2018G.

The Company also received a warning letter from SAMA, following which the Company has taken the necessary remedial actions and reported the same to SAMA.

Apart from this the Company has not been exposed to any punishment or penalty or preventive restriction imposed by the CMA, SAMA or any other supervisory or regulatory or judiciary body.

## vi) Results of the Annual Review of the Internal Control Systems of the Company

The Board of Directors have formed an Audit Committee to support the Board in the discharge of its responsibilities in respect of supervising the Company's financial reporting processes, evaluating the adequacy and effectiveness of the Company's audit arrangements, and overseeing the Company's overall control environment.

The Audit Committee has conducted an overall review of the internal and external auditors' assessment of the Company's system of internal controls during 2018 and no significant issues were identified.

The internal and external auditors and the Company's Compliance function have conducted several reviews during 2018, which provide a reasonable degree of assurance on the Company's ability to meet its strategic objectives. The results of these reviews have been considered by the Audit Committee in reviewing the effectiveness of the internal control systems of the company. The Committee has also gained a reasonable degree of satisfaction with respect to the actions taken by the management to address the observations and recommendations arising from the reviews. Based on the above, the Audit Committee believes that there were no material control weaknesses which might result in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or conditions.

All the issues arising from the review have been reported to the Board of Directors with recommendations on actions to be implemented by the management of the Company.

During the period from 01-01-2018G to 31-12-2018G the Audit Committee held seven meetings. During these meetings the Committee amongst other activities:

- Reviewed the internal and external audit arrangements and, assessed their independence.
- Reviewed and approved the internal audit plans as well as the adequacy of internal audit resources to execute the plans.
- assessed the effectiveness of the internal audit function and reviewed the findings reported within the audit reports and the management actions to address them
- ensured that the external auditors had access to all information and explanations required by them for carrying out their audit and expressing their audit opinion
- reviewed the interim and final financial statements prior to their approval by the Board and publication
- Reviewed the activities of the compliance department in developing and implementing mitigating actions and managing the regulatory risks identified.
- Reviewed the arrangements in place to achieve compliance with applicable regulations.

## vii) Profiles of Board Members

### **Abdulaziz Bin Hassan, Chairman**

#### **Qualifications**

- Bachelor of Arts in Law, King Saud University, Riyadh - 1991.

#### **Professional Experience:**

A banking professional with over 26 years of experience in various positions in leading banks and financial institutions in the Kingdom of Saudi Arabia

- August 2010 till present - Chief Executive Officer and Managing Director of Credit Suisse, Riyadh, KSA
- March 2010 to August 2010 - Chief Executive Officer and Managing Director of Rana Investments, Riyadh, KSA
- March 2008 to May 2009 - Chief Executive Officer, Arabian Capital, Riyadh, KSA
- June 2006 to March 2008 - Vice President, Head of Treasury & Investment, Bank Muscat, Riyadh, KSA
- 1994 to June 2006 in various positions as below with SAMBA Financial group, Riyadh, KSA
  - Alternative Investments Division Manager (2004-2006)
  - Portfolio Manager, Treasury (1998-2001)
  - Money Market Manager (1997-1998)
  - Treasury Marketing Unit (1994-1997)
- 1992 to 1994 - Corporate Dealer, Riyadh Bank, Riyadh, KSA

#### **Other Positions:**

- Board Member Tadawul, KSA

## Tariq Al Khayyal, Deputy Chairman

### Qualifications

- Bachelor of Arts from Tufts University, Boston, MA.
- Majored in International Relations, History and Theology.

### Professional Experience:

An entrepreneur with interests in real estate development and thirteen years' experience in banking

- 2008 to present, Founder and MD of Diyar Alkhayyal Real Estate Development Co.
- 1995 to 2008, Various position with The National Commercial Bank as below:
  - Country Head, Corporate Service Centers (CSC), Operations Group (2007)
  - Area Manager/Senior International Banker, International Division (2003-2006)
  - Manager, Payment services, Alternative Distribution (2000-2003)
  - Customer Relations Manager, Consumer Banking Sector Head (1999-2000)
  - Payroll Product Manager, Retail Marketing Unit (1998-1999)
  - Relationship Manager, Private Banking (1997-1998)

## Dr. Saleh Al Shinifi, Independent Non-Executive Director, Chairman of the Audit Committee

### Qualifications

- Ph.D. in Business Administration / Major Financial Accounting and Auditing, Florida Atlantic University, USA
- Master of Business Administration (MBA), Major Accounting, Saint Louis University, USA
- Bachelor of Economics and Business (Accounting), King Saud University (KSU), The Kingdom of Saudi Arabia

### Professional Experience:

- 2003-present Associate Professor of Accounting, King Saud University, Riyadh
- 2008-present Secretary General of SAAFAH Foundation & Member Board of Director, Riyadh, The Kingdom of Saudi Arabia

## Khalid Hariry, Non-Executive Director

### Qualifications

- Bachelor of Business Administration, King Faisal University

### Professional Experience:

Riyadh Bank, KSA

- Senior Vice President, Head of Customers and Products Management, June 2016 – Present
- Senior Vice President, Head of Product and Services, July 2014 – May 2016

MasterCard, KSA

- Area Manager, Saudi Arabia, Bahrain And Yemen – MasterCard, May 2012 – May 2014

Banque Saudi Fransi, KSA

- Deputy of Retail Banking Head - Head of Retail Operations and Consumer Assets Division, August 2008 – February 2012
- Head of Regional Retail Banking Division, July 2005 – August 2008
- Head of Retail Network and Retail Activity Divisions, October 2000 – July 2005
- Head of Card Services and Operations Department, June 1996 – October 2000
- Head of Merchant Services and Card Issuance, March 1993 – June 1996
- Branch Front Office Staff (teller And Customer Services), July 1991 – March 1993

## Tariq Al Ghaziri, Non-Executive Director

### Qualification:

- Master of Science in Financial and Risk Engineering, NY University, New York, USA.
- Bachelor of Science in Statistics and Operations Research, KSU University, Riyadh, Saudi Arabia.

### Professional Experience:

Riyadh Bank

- |   |                               |
|---|-------------------------------|
| - Senior Vice President – Corporate Finance Department Manager, | October 2016 – Present        |
| - Senior Vice President – Head of Multinational Central Region, | October 2015 – September 2016 |
| - Vice President  | October 2014 – September 2015 |
| - Assistant Vice President                                      | July 2011 – October 2014      |
| - Manager / Corporate Finance Specialist                        | October 2008 – July 2011      |
| - Relationship Manager, Riyadh Bank, Saudi Arabia               | September 2002 - October 2008 |

AJIL Financial Services Company, Saudi Arabia

- Board of Director Member,
 June 2017 – Present |

Sadara Al-Jubail Assets Leasing Company, Saudi Arabia

- Board of Director Member,
 June 2013 – Present |

AJIL Heavy Equipment's Leasing Company, Saudi Arabia

|  |                          |
|--|--------------------------|
| - Manger   | September 2011 – Present |
| Ras Az Zower Aluminum Assets Leasing Company, Saudi Arabia |                          |
| - Board of Mangers Member                                  | June 2010 – Present      |
| The Bank of New York Mellon, NY, USA                       |                          |
| - Intern   | May 2008 – August 2008   |
| Saudi Aramco, Saudi Arabia                                 |                          |
| - Trainee (Summer Job)                                     | July 2001 – October 2001 |

## **Khalid Jaafar Allagany, Managing Director**

### **Qualification:**

- Bachelor of Business Administration from Almeda University, U.S.A, in 2002

### **Professional Experience:**

- Managing Director and CEO Al Alamiya for Cooperative Insurance Company, KSA, from 2012 to present (after a brief term a Deputy CEO in 2012)
- Managing Director of Qeema Investments, KSA, from 2011 to 2012
- Chief Executive Officer of Al-Ahli Takaful Company, from 2007 to 2011
- Insurance Business Group Head of the National Commercial Bank, from 2004 to 2007
- Head of Insurance & Bancassurance of Saudi Hollandi Bank, from 2001 to 2004
- Head of Insurance of Banque Saudi Fransi, from 1995 to 2001
- Underwriting Officer of The National Company for Cooperative Insurance, from 1993 to 1995

## **Christopher Phillip Dooley, Non-Executive Director**

### **Qualification:**

- Diploma in Direct Marketing from the UK Institute of Direct Marketing in 1999
- Associate Member of the Chartered Insurance Institute, UK in 1986
- Bachelor of Arts (Honors) degree from the Compton Business School, UK in 1982

### **Professional Experience:**

- CEO of the UAE and Bahrain Operations of Royal & Sun Alliance Insurance (Middle East), from 2011 to present
- CEO of RSA Insurance Hong Kong, from 2010 to 2011
- Director and Chief Executive Officer Insurance Australia Group (Thailand), from 2005 to 2010
- Director & Chief Executive Officer, Royal & Sun Alliance Insurance (Thailand), from 2003 to 2005
- Director Corporate Partners, Customers & People, Asia, Royal & Sun Alliance Insurance Asia Regional Team, Singapore, from 1999 to 2002
- Regional Manager, Asia (Brokers & Customers), Royal & Sun Alliance Insurance Global Risks Asia, from 1997 to 1999
- Development Manager, Asia, Royal Insurance International Hong Kong, from 1995 to 1997

### **Other Positions:**

- Board Member of Royal & Sun Alliance insurance (Middle East), a closed joint stock company in Bahrain operating in the insurance sector, since 2011 and Managing Director since 2012.
- Chairman of Al Ahlia Insurance Company SAOG, a public listed joint stock company in Oman operating in the insurance sector, from October 2017 to present prior to that he was a board member since 2011.

## **Matthew Hotson, Non-Executive Director**

### **Qualification:**

- MA Natural Sciences (Pharmacology) from Fitzwilliam College, Cambridge University, UK in 1990
- MSc in Science (Neuropharmacology and Molecular Biology) from the Open University, UK, in 2005

### **Professional Experience:**

RSA Insurance Group, UK- Sep 2012 till date

- Chief Financial Officer, UK and Western Europe, RSA Group, UK, -Jan 2016 to date
- Interim Group Chief Financial Officer RSA Group, UK -May 2015 to Oct 2015
- Director Performance, Strategy & Investor Relations, RSA Group, UK -Dec 2013 to Dec 2015
- Director of Investor Relations, RSA Group, UK- Sep 2012 to Dec 2013

Cable & Wireless Worldwide plc, UK- Nov 2011 to Aug 2012

- Director, Corporate Finance & Investor Relations,

Legal & General Group plc, UK- June 1997 to Oct 2011

- Director, Investor Relations & Strategy (Sept 2009 to Sept 2011)
- Group Strategy Director (Apr 2007 to Sept 2011)
- UK Strategy Director (Mar 2005 to Apr 2007)
- Director, Business Solutions and Planning (Jan 2004 to Mar 2005)
- Commercial Finance Director (Jan 2003 to Jan 2004)
- Managing Director, Direct Distribution (Jan 2001 to Dec 2002)
- E-Customer Director (1999- 2001)



## **Lloyd East, Non-Executive Director**

### **Qualification:**

BA (Hons) Business from Sheffield Hallam University, UK

### **Professional Experience:**

- Regional CEO RSA, Middle East & CEO, Al Ahlia Insurance Company SAOG 2014 - date
- CEO, Al Ahlia Insurance Company SAOG, Oman, 2011 Till date
- Group Director of Marketing Effectiveness, RSA Group, UK, 2009 to 2011
- Sales and Marketing Director, Salaam Halal Insurance, 2008 – 2009
- Managing Director, Automobile Association Financial Services, 2004 –2008
- Head of Marketing, Automobile Association Insurance and Financial Services, 2002 –2004
- Head of Marketing, Automobile Association Motoring Services, 2001 –2002
- Head of Commercial Development, Lombard Direct (NatWest Bank subsidiary), 1998 –2001
- Head of Affinity Marketing, Lombard Direct (NatWest Bank subsidiary) -1996 –1998
- Regional Sales Manager, MBNA International Bank, 1994 –1996
- Corporate Sales Manager, Bank of Scotland, 1991 –1994

## **Ayman Al Ghamdi, Member of the Audit Committee**

### **Qualifications**

- Master's Degree (Science of Accounting) King Saud University, Riyadh Saudi Arabia
- Bachelor of Accounting, King Saud University, Riyadh, Saudi Arabia

### **Professional Experience:**

- Chief Financial Officer (CFO), Real Estate Development Fund, (Transformation Project) Riyadh, Saudi Arabia. April 2017 – Dec 2017
- Chief Financial Officer (CFO), National Water Company, Riyadh, Saudi Arabia. 2014 – April 2017
- Financial Audit Senior Manager, Internal Audit, National Water Company, Riyadh, Saudi Arabia. 2009 – 2014
- Acting Director, Financial Services, King Faisal Specialist Hospital and Research Centre, Riyadh, Saudi Arabia, 2007 – 2009
- Manager, Accounting Policies & Financial Regulations Division, Saudi Telecom Company, Riyadh, Saudi Arabia, 2006 – 2007
- Director of Finance, Medical Supervision Department, Embassy of Saudi Arabia, Berlin, Germany, 2004 – 2006
- Accounting Manager, Finance Department, Sultan Bin Abdulaziz Humanitarian City, Riyadh, Saudi Arabia, 2002 – 2004
- Supervisor, Accounts Payable, Financial Affairs, King Faisal Specialist Hospital & Research Center. Riyadh, Saudi Arabia, 1994-2002

## **Ahmed Mohammed Al Salman, Member of the Audit Committee**

### **Qualifications**

- Ph.D. Accounting, Florida Atlantic university, USA, 2003
- Master of Business Administration (Accounting concentration), St. Louis University, USA, 1994
- Bachelor of Accounting, Kind Saud University, Qassim Branch, 1989.

### **Professional Experience (Teaching):**

- Assistant Professor at the Accounting Department - College of Business and Economics - Qassim University (2003-Current)
- Adjunct faculty at the school of Accounting, college of Business, Florida Atlantic University USA 2001-2002
- Lecturer, Department of Accounting college of Business and Economics, King Saud University - Qassim Branch (1997)
- Teacher assistant, Department of Accounting- College of Business and Economics, King Sa University - Qassim Branch (1990 & 1991)

### **Professional Experience:**

- Member of the Audit Committee of the National Poultry Company (from 1439H till now)
- Chairman of the Organizing Committee for the Conference of Forensic Accounting and Financial Fraud that will be held in 1440 at the College of Business and Economics, Qassim University
- Member of the Organizing Committee for the International Financial Reporting Standards Conference (IFRS): Opportunities and Challenges, College of Business and Economics, Qassim University
- Chairman of the Committee for the Preparation Forum for Accounting Profession - College of Business and Economics, Qassim University
- Member of the Council of the College of Business and Economics 1433H - until now
- Member of the Board of Accounting Department, College of Business and Economics 1424H - till now
- Chairman of the committee of lecturers and lecturers at the College of Business and Economics 1437H until now
- Chairman of the Higher Methodologies Committee, College of Business and Economics, 1437H till now
- Chairman of the Committee for the Evaluation of Educational Objectives and Emphasis of Learning in the College of Business and Economics, Qassim University -from 1437 AH and now
- Chairman of the appointments committee at the College of Business and Economics, Qassim University -from 1437 to now
- Member of the Board of Directors of Al-Wafa Oasis Association for the Elderly -from 1439 till now
- Member of the Committee of business and economics Specialties in the Ministry of Education to evaluate the private colleges and universities
- Member of the establishment of the program of Accounting Doctor at the University of Al-Faisal
- Member of the Journal of Accounting Research - Editorial Board
- Member of a committee of measurement at the National Center for Measurement and Evaluation of the arbitration of accounting programs in the Kingdom and the development of tests

- Member of several academic committees within the department.
- Member of the Board of Directors of Al Qarawi Car Maintenance Company -1434H-1436H
- Sport Supervisor, College of Business and Economics -1427H-1431H.
- Member of the establishment of investment and finance - College of Business and Economics, Qassim University -1431 H.
- Member of the Standing Committee for the Ethics of Scientific Research in the Deanship of Scientific Research - Qassim University (1431 H - 1433).
- Member of the Standing Committee for Development in the Deanship of Community Service, Qassim University -1427H – 1429H
- Vice Dean of the College of Business and Economics, Qassim University -from 1437H to now.
- Head of Accounting Department, College of Business and Economics, Qassim University -from 1433H till now.
- Director of the Center for Research and Development of Human Resources - College of Business and Economics, Qassim University - 1428 H – 1433H.

## viii) Profiles of Management Team

### **Khalid Jaafar Allagany**

Date of birth: 20/02/1967G

Nationality: Saudi

Position: Managing Director and Chief Executive Officer (CEO)

#### **Qualification:**

- Bachelor of Business Administration from University of ALMEDA, USA, 2002.

#### **Professional Experience:**

- Managing Director and CEO of Al Alamiya, since 2012 to present
- Deputy CEO of Al Alamiya for Cooperative Insurance Company, a public joint stock company in the KSA operating in the insurance sector, from 2012 to end of 2012
- Managing Director of Qeema Investments, KSA, a limited liability company in the UAE operating in the investment sector, from 2011 to 2012
- Chief Executive Officer of Al-Ahli Takaful Company, a public joint stock company in the KSA operating in the insurance sector, from 2007 to 2011
- Insurance Business Group Head of the National Commercial Bank, a closed joint stock company in the KSA operating in the banking sector, from 2004 to 2007
- Head of Insurance & Bancassurance of Saudi Hollandi Bank, a public joint stock company in the KSA operating in the banking sector, from 2001 to 2004
- Head of Insurance of Banque Saudi Fransi, a public joint stock company in the KSA operating in the banking sector, from 1995 to 2001
- Underwriting Officer of The National Company for Cooperative Insurance, a public joint stock company in the KSA operating in the insurance sector, from 1993 to 1995

### **Fadi Aboul Hosn**

Date of birth: 23/11/1970G

Nationality: Canadian

Position: Chief Financial Officer (CFO)

#### **Qualifications:**

- Master of Business Administration (MBA) with concentration in Finance and strategic management from the Strathclyde Graduate School of Business, the University of Strathclyde, UK, 2003.
- Bachelor of Science in Business Administration with an option in Accounting, California State University, USA, 1994.
- Award in Financial Planning from the Chartered Insurance Institute (CII), UK, 2009.

#### **Professional Experience:**

- Chief Financial Officer of Al Alamiya, since 2013 to present.
- Member of the Finance sub-committee of the Saudi Arabia Insurance Industry Executive Committee (IEC), since 2013 to date.
- Director of Finance and Administration at Wehbe Insurance Services, UAE, from 2004 to 2012.
- Group Financial Controller at GET Group\Global Information Technology UAE and USA, from 1999 to 2004.
- Business and IT Consultant at High Tech Computer Associates, USA, from 1996 to 1999.
- Accounting and Finance Manager at Royal Fortune Inc., USA, from 1990 to 1996.

### **Bader Ataallah Alanazi**

Date of birth: 27/05/1979G

Nationality: Saudi

Position: Head of Regulatory Compliance

#### **Qualification:**

- High Diploma in Insurance.

**Professional Experience:**

- Head of Regulatory Compliance at Al Alamiya for Cooperative Insurance from 09/2017 to present
- Head of Customer Care Department at Al Alamiya for Cooperative Insurance from 03/2017 to 09/2017
- Compliance Analyst & Complaints Manager at Al Alamiya for Cooperative Insurance from 01/2014 to 03/2017
- Claims Initiatives Manager - Motor & Casualty at Al Alamiya for Cooperative Insurance from 09/2011 to 12/2013
- Motor Claims Handler - Motor & Casualty at AXA for Cooperative Insurance from 04/2005 to 08/2011

Customer Account Executive at ALJ- Abdul Latif Jameel Co. Ltd. from 01/1999 to 03/2005

**Waleed Najeeb Almasri**

Date of birth: 22/11/1968G

Nationality: Saudi

Position: HR Director

**Qualification:**

- bachelor's Degree in Applied Mechanical Engineering from KFUPM Dhahran KSA, obtained in 1995

**Professional Experience:**

- HR Director for Al Alamiya from September 2016 to present.
- Group HR and Admin Manager for Alraha Group for Technical Services (RGTS) from May 2014 to May 2016 in Riyadh.
- General Director Human Resources at SAMA from July 2013 May 2014, in Riyadh.
- VP Human Resources at JPMorgan Chase Bank N A Riyadh Branch, from June 2010 to May 2013.
- Senior Manager Human Resources at Emaar Economic City, Jeddah, from October 2008 to June 2010.
- Group HR Manager for Rubaiyat, Jeddah, from January 2008 to September 2008.
- Saudi Arabian Airlines Catering (Riyadh and Jeddah) from November 1996 to December 2007 in three positions (Assistant Manager HRD, Technical Manager Riyadh Catering Unit, Outsourcing Manager).

**Salagame Ramaswamy Shashidhar**

Date of birth: 14/11/1967G

Nationality: Indian

Position: Strategy and Change Director

**Qualification:**

- Master of Science in Materials Science and Engineering from Washington State University, USA, 1992
- Bachelor's Degree in Technology from Indian Institute of Technology Bombay, India, 1990

**Professional Experience:**

- Strategy and Change Director of Al Alamiya, since 2012 to present
- Deputy General Manager - Strategy & Change / Head - Technical Projects at Royal Sundaram Alliance Insurance Company in India, a limited liability company operating in the insurance sector in India, from 2007 to 2012
- Regional Sales Manager at Dresser-Rand India, a limited liability company operating in the gas sector in India, from 2007 to 2007
- Operations Manager at Athi River Steel Plant, a limited liability company operating in the steel sector in Kenya, from 2005 to 2006
- Sales Manager at Global Gases, a limited liability company operating in the gas sector in Kenya, from 2003 to 2005
- Business Development Manager at Gases online India, from 2000 to 2002
- Sales Manager at Praxair, a limited liability company operating in the gas sector in India, from 1997 to 2000
- Marketing Manager at Tata Refractories, a limited liability company operating in the industrial sector in India, from 1996 to 1997

**Laila Mohammed Alaithan**

Date of birth: 12/09/1986G

Nationality: Saudi

Position: Head of Customer Care

**Qualification:**

- High Diploma in Computer Sciences
- High Diploma in General Nursing

**Professional Experience:**

- Head of Customer Care in Al Alamiya 2017
- Quality Assurance Supervisor in Al Alamiya 2017
- Customer Service Supervisor in Alissa Group 2014
- Customer Service Agent and Commander in NAJM 2011
- Admin Secretary in Almoosa General Hospital 200

## **Abdulmalik Alhojairi**

Date of birth: 09/03/1977G

Nationality: Saudi

Position: Claims Director

### **Qualification:**

- High Diploma of English Language

### **Professional Experience:**

- Sales and Marketing Officer at Generation Skills Company.
- Corporate Sales Officer at Al Fardan Jewelry Company.
- Claims Management Service - Group Leader at Tawuniya Insurance Company.
- Support Unit Manager at Malath Insurance and reinsurance Company.
- Head of Claims Department at Allianz Saudi Fransi Cooperative Insurance Company.
- Senior Manager - Motor Claims at Malath Insurance and reinsurance Company.
- Senior Manager - Quality and Development at Medgulf Insurance Company.

## **Hamad Almashary**

Date of birth: 28/01/1978G

Nationality: Saudi

Position: Head of Risk

### **Qualification:**

- M.S. Risk Management & insurance
- M.S. Economics
- B.S. Economics

### **Professional Experience:**

- Expert in Risk Management - Risk & Compliance Department at SAMA
- Expert in Risk Management - GDIC at SAMA
- Director of Insurance Policy - GDIC at SAMA
- Senior Insurance Supervisor - GDIC at SAMA
- Assistant Banking Inspector - Banking Inspection Department at SAMA

## **Russell Tong**

Date of birth: 15/05/1959G

Nationality: Trinidad and Tobago

Position: Technical Director

### **Qualification:**

- Fellow of the Chartered Insurance Institute.
- Associate in Risk Management Diploma of the Insurance Institute of America (IIA).
- Associate in Claims Diploma of the IIA.

### **Professional Experience:**

- Senior Energy Underwriter at Elseco Limited, Dubai.
- Senior Vice President - Operations at Q-Re LLC, Doha.
- Senior Vice President - Energy Unit at Qatar Insurance Company.
- Senior Technical Manager at Al Khazna Insurance Company, Abu Dhabi.
- Property Underwriter at The National Company for Cooperative Insurance, Riyadh.
- Risk and Insurance Administrator at The Trinidad and Tobago Electricity Commission.
- Manager, Property Insurance and training Officer at The National Company for Cooperative Insurance, Riyadh.

## **Akhtar Abdulghafour Abbas**

Date of birth: 16/12/1979G

Nationality: Pakistani

Position: Head of Audit

### **Qualification:**

- Bachelor of Commerce degree from University of the Punjab, Pakistan, in 1999
- Associate of the Institute of Chartered Accountants of Pakistan since 2006
- Certified Financial Services Auditor - 2013

### **Professional Experience:**

- Head of Audit of Al Alamiya, from 2012 to present
- Financial Controller of Service Sales Corporation (Private) Limited, a limited liability company operating in the retail sector in Pakistan, from 2010 to 2012

- Group Head – Internal Audit of IGI Financial Services, a group of public joint stock companies operating in the financial services sector in Pakistan, from 2006 to 2010
- Trainee member with Price Waterhouse Coopers (PwC), a limited liability firm operating in the field of assurance, advisory and consultancy in Pakistan, from 2002 to 2006

### **Riyadh Abbas Aldakheel**

Date of birth: 07/09/1982G

Nationality: Saudi

Position: IT and Operations Director

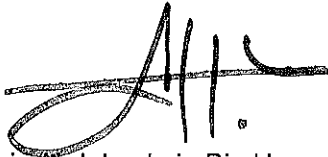
#### **Qualification:**

- bachelor's Degree on Computer Engineering from KFUPM, Dhahran, in 2007.

#### **Professional Experience:**

- IT and Ops Director at Al Alamiya from November 2016 to present.
- IT Manager at Saudi Indian Coop Insurance Co. (WAFA), Riyadh, from October 2013 to November 2016.
- Assistant IT Manager at Alrajhi Takaful, Riyadh, from December 2010 to October 2013.
- IT Application Analyst at AXA Insurance Saudi Arabia, Riyadh, from February 2007 to December 2010.

For and on behalf of the Board of Directors



Abdulaziz Abdulmohsin Bin Hasan  
Chairman of the Board of Directors



Khalid Jaafar Allagany  
CEO and Managing Director