

ALLIED COOPARTIVE INSURANCE GROUP

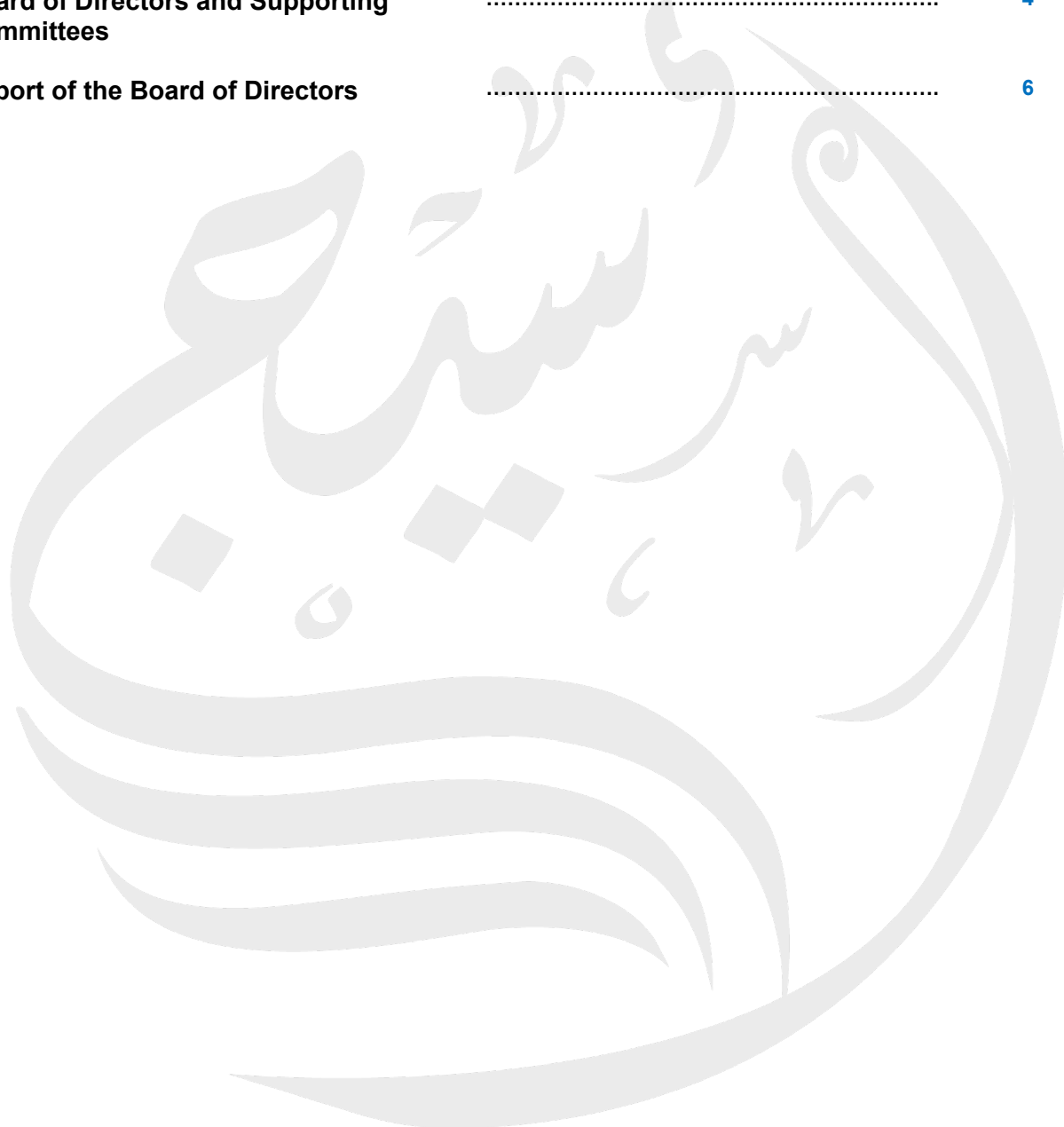


Report of the Board of Directors

1442 AH, 2020 AD

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The Speech of Board of director Chairman

Ladies and gentlemen / respected shareholders

Peace be upon you,

In my name and on behalf of the board of director's members, I have the honor to furnish you with the annual report of 2020 which provides an overview on the company performance and its main activities in addition to the financial statements of the fiscal year that ended on December, 31st 2020. We thank Allah for what has been achieved, looking forward for the best in the years to come, with the will of Allah.

On my own behalf and on behalf of the members of the board of directors, I express my gratitude to you, all supervisory and governmental authorities and the employees of the company for their support and the efforts that have contributed to the achievements of the year 2020.

May Allah grant us all with success,


Hussam Talal Ghazawi

Board of Directors and Supporting Committees

Board of Directors:

1. Ms. Nouf Saud Al-Haqbani,	Chairman of Board of Directors
2. Mr. Hussam bin Talal Al-Ghazawi,	Vice chairman of the Board
3. Eng. Muhammad Hani Bin Abdul Qadir Al-Bakri	Member
4. Mr. Abdullah Abd al-Rahman al-Rabdi	Member
5. Dr. Abdul-Latif bin Muhammad Al-Sheikh	Member
6. Mr. Adel Muhammad Rashid Jamjoom	Member
7. Mr. Fawaz Muhammad Al-Sharabi	Member
8. Mr. Khaled Suleiman Al-Jasser	Member
9. Mr. Hisham bin Mohammed Al-Sharif	Member and Chief Executive Officer
10. Mr. Abdullah Saleh Al-Harbi	Member

executive committee:

1. Eng. Muhammad Hani Bin Abdul Qadir Al-Bakri	Member of the Committee
2. Mr. Hussam bin Talal Al-Ghazawi	Member of the committee
3. Mr. Hisham bin Muhammad Al-Sharif	Member of the committee
4. Dr. Abdullatif bin Muhammad Al Al-Sheikh	Member of the committee

Auditing Committee:

1. Mr. Abdullah Al-Harbi	Chairman of the Committee
2. Mr. Nabil Nassif.	Member of the committee
3. Dr. Masum Billah,	Member of the committee
4. Mr. Abdullah Al-Shibili	Member of the committee

Nomination and Remuneration Committee:

1. Mr. Fawaz Muhammad Al-Sharabi,	Chairman of the Committee
2. Dr. Abdullatif bin Muhammad Al-Sheikh	Member of the committee
3. Mr. Nayef Al-Tamimi,	Member of the committee

Investment Committee:

1. Ms. Nouf Saud Al-Haqbani	Member of the committee
2. Mr. Hisham bin Muhammad Al-Sharif	Member of the committee
3. Mr. Abdullah Abdullrahman Rabdi	Member of the committee

Risk Management Committee:

1. Mr. Hussam bin Talal Al-Ghazzawi	Chairman of the committee
2. Mr. Hisham bin Muhammad Al-Sharif	Member of the committee
3. Dr. Youssef Basoudan,	Member of the committee

Report of the Board of Directors

First: Main Activities:

Allied Cooperative Insurance Group (ACIG), as a public shareholding company, carries out cooperative insurance business, according to the declaration issued by the Saudi Arabian Monetary Agency No. (ت م ن / 21/20095), dated 15/5/1430 H, corresponding to 11/5/2009 AD. The license was renewed for three consecutive years since the last renewal of the license ends on 12/05/1445 H.

The determination of the company's main activity includes health and general insurance including vehicle insurance, insurance of property against fire, theft, damage, etc., marine insurance, engineering insurance in addition to insurance against general accidents.

The effect of these main activities on the company's business and its contribution to the outcomes are as follows:

	Activity revenues (thousands of riyals)	The percentage
Vehicles	339,229	65.85%
medical	126,710	24.60%
General accidents	19,316	3.75%
Engineering	6,500	1.26%
Fire	20,843	4.05%
Marine	2413	0.47%
Others	106	0.02%
Total	515,117	100%

The company faces several risks by offering the general and health insurance such as market risks, including the great competition between more than thirty insurance companies. The company hopes to achieve its goals and follow up on its works in a way that achieves the interests of shareholders and those who are dealing with it.

Second: Description of the important plans and decisions of the company and future expectations of the company's works:

The company's new automated system has been launched which is expected to contribute to improving the customers' services level as well as increasing productivity and sales. It also aims to raise performance effectiveness and reduce the costs. Furthermore, it will facilitate the development process of the inner systems which will raise the company's competitiveness. The company's strategic plan has been approved for the next three years (2021-2023). Besides, the mechanisms have been put in place to monitor the achievement of the company's goals.

On 24/1/2021 AD, Mr. Hatem Mohammed Al-Wabel was appointed to work as a president of the internal auditing Department,.

The Board of Directors of Allied Cooperative Insurance Group (ACIG) issued its decision by passing on 16/01/2020 AD corresponding to 21/5/1441 AH to recommend to the extraordinary general assembly to reduce the company's capital at a value of 59 million Saudi riyals to 141,000,000 Saudi riyals after deduction.

On 15/3/2020 AD, the company received the letter from the Saudi central bank No. 41050316, dated 20/7/1441 AH which included the institution's consent to reduce its capital by 59 million riyals so that the company's capital after the reduction will be 141 million Saudi riyals.

The extraordinary general assembly issued its following decisions in its meeting held on Wednesday 26/8/2020 AD by approving the recommendation of the company's board of directors to reduce the company's capital from 200,000,000 Saudi riyals to 141,000,000 Saudi Riyals.

On Thursday, 14/2/1442 AH corresponding to 1/10/2020 AD, the United Cooperative Insurance Group received the Saudi Arabian Monetary Agency approval regarding increasing the company's capital from 141 million Saudi riyals to 291 million Saudi riyals through the offering the shares of priority rights.

On Thursday, 16/5/1442 AH , corresponding to 31/12/2020 AD, the United Cooperative Insurance Group submitted the application file of the approval to increase the capital to the Saudi Capital Market Authority.

The Board of Directors of the company approved the resignation of the chairman of the board of directors, Ms. Nouf Bint Saud Al- Haqbani from the membership and presidency of the board of directors and the committees emanating from it in its meeting on 15/02/2021AD.

The Board also decided to appoint Eng. / Fawaz Al-Sharabi, the member of the board of directors as the chairman of the board of directors provided that the Saudi Central Bank consents in the same meeting.

The future expectations of the company's works:

1. Increasing the effectiveness of the telemarketing unit works and its contribution to attracting the insurances of the companies sector insurances through many products allocated to the commercial sector in addition to increasing the effectiveness of its works for increasing the insurance sales of the medical professions mistakes, the health insurance product for small groups, and the compulsory insurance on vehicles (of the third party).
2. Developing a unit that is specialized in direct marketing according to advanced digital mechanisms.
3. The continuous development of electronic sales to include all services required to be provided to customers.
4. Developing a multi-product mechanism through various sales channels.
5. Developing mechanisms and programs through the sites of price comparison.
6. Conducting intensive training courses for sales employees across the Kingdom on the terms and conditions of sale of the insurance companies.
7. Giving due care of the marketing campaigns of some insurance products related to individuals' segments. They must fulfill all the terms and conditions of the Saudi Arabian Monetary Agency.
8. Increasing the electronic marketing campaigns for increasing sales of non-obligatory products.
9. Establishing specialized departments according to the type of insurance product.

Third: A summary of the financial outcomes:

The table below points out a summary of the financial statements for the fiscal year that end on 31/12/2020 AD as follows:

1- A summary of the company's financial statements (in thousands of riyals)

Activity	2020	2019	2018	2017	2016
Assets of insurance operations	447,022	408,038	407,425	388,329	431,714
Shareholders' assets	160,388	154,792	144,791	141,468	127,456
Total assets	607,410	562,830	552,216	529,797	559,170
Total liabilities of insurance operations	448,086	408,869	407,785	388,329	431,714
Shareholders' liabilities	13,693	10,333	6,783	3,534	2,305
Shareholders' rights	146,695	144,459	138,008	137,934	125,151
Total liabilities and shareholders' rights	160,388	154,792	144,791	141,468	127,456
Total subscribed insurance premiums.	515,117	529,352	500,013	429,972	510,618
Net subscribed insurance premiums	449,460	470,867	456,012	365,917	431,792
Net revenue	455,793	473,101	450,305	370,159	450,687
Total paid claims	382,842	399,682	346,972	299,436	353,566
Net incurred claims	339,932	361,308	324,871	246,888	344,715
General and administrative expenses	73,469	79,932	79,150	76,247	62,442
Investments revenues and other revenues of insurance operations	2,150	4,605	4,157	2,570	6,584
Surplus (deficit) in the insurance operations minus the return on documents campaign investments(the results of the operational process)	2,420	668	4,347	14,975	6,519
Net profit (loss) of the year before zakat and income taxes	3,546	7,115	2,358	18,117	8,344

2- The following are some of the financial indicators and ratios of the previous figures: -

Statement	2020	2019	The value of the changes	Percentage of changes
	Value in thousand riyals	Value in thousand riyals	Value in thousand riyals	
Assets of insurance operations	447,022	408,038	38,984	10%
Shareholders' assets	160,388	154,792	5,596	4%
Total assets	607,410	562,830	44,580	8%
Total liabilities of insurance operations	448,086	408,869	39,217	10%
Shareholders' liabilities	13,693	10,333	3,360	33%
Shareholders' rights	146,695	144,459	2,236	2%
Total liabilities and shareholders' rights	160,388	154,792	5,596	4%

3- The substantial differences in operating results:

Statement	2020	2019	The value of changes	Percentage changes
	The value is in	The value is in	The value is in	

	thousand riyals	thousand riyals	thousand riyals	
Total subscribed premiums	515,117	529,352	-14,235	-3%
Net subscribed insurance premiums	449,460	470,867	-21,407	-5%
Net revenue	455,793	473,101	-17,308	-4%
Total paid claims	382,842	399,682	-16,840	-4%
Net claims incurred	339,932	361,308	-21,376	-6%
Total general expenses	73,469	79,932	-6,463	-8%
Insurance operations other revenues and investment	2,150	4,605	-2,455	-53%
The surplus in insurance operations minus the documents holders' investment return (operating results)	2,420	668	1,752	262%
Net profit of the year	3,546	7,115	-3,569	-50%

The reason for the decrease in net profit during this year compared to the previous year is the decrease in gross subscribed insurance premiums by 3%, the decrease in net subscribed insurance premiums by 5%, the decrease in net insurance premiums earned by 5% and the decrease in net profits resulting from funds investments of documents holders by 53%, the decrease in net profits from investments of shareholders' funds by 45% and the increase in the costs of documents acquisition by 21% in spite of the increase in commissions acquired from reinsurance by 10%, the decrease in net incurred demands by 6% , the increase in other subscription revenues by 178% , a decrease in general and administrative expenses by 8%, and the increase in restoring the provision of doubtful debts by 1818%.

The company sells all types of general and health insurance. The following is an analysis of the volume of works which the company implemented during 2016-2020:

Name	2020 (The value in thousand riyals)	2019 (The value in thousand riyals)	2018 (The value in thousand riyals)	2017 (The value in thousand riyals)	2016 (The value in thousand riyals)
Fire insurance	20,843	14,520	9,258	10,496	12,441
Engineering insurance	6,500	1,997	2,845	10,591	8,817
Marine insurance	2,413	2,620	1,656	1,054	1,134
General insurance	19,316	15,902	9,360	21,119	22,170
Cars Insurance	339,229	354,693	323,683	271,305	278,858
health insurance	126,710	139,036	152,751	115,155	186,765
Other types of insurance	106	584	460	252	433
Total			500,013	429,972	510,618

4- The following is an analysis of the volume of works geographically

Region name	The value in thousand riyals 2020
The Central Region	180,124
The Western Region	231,999
The Eastern Region	35,779
The Northern area	22,097
The Southern Region	45,118
Total	515,117

Fourth: statutory disclosures:

1- The provisions of the companies governance regulations that have or have not been applied and, and the reasons for that

The company, through the internal audit department and the commitment department, follows the issuance of all laws and regulations and ensures that they are applied in accordance with the requirements which the supervisory authorities set. The commitment department follows up the process of communication with the regulatory authorities to verify full commitment. The company has committed to with all that is contained in the companies governance regulations issued by the Capital Market Authority since the assembly, at the first extraordinary general assembly meeting which was held on Monday evening 21/217/1433 AH corresponding to 11/6/2012 AD, agreed to add an article with No. (37) of the articles of association of the company. This article is related to the cumulative voting in the general assemblies of the shareholders.

According to the company's articles of association and internal regulations, the shareholders are entitled to:

- Obtaining a proportion of the profits to be distributed.
- Obtaining a proportion of the company's assets upon liquidation
- Attending the general assemblies, participating in its deliberations and voting on their decisions.
- Disposal of stocks.
- Monitoring the works of the Board of Directors and file a liability lawsuit against their members.
- Inquiring and requesting information in a manner that does not harm the interests of the company, and does not contradicts with the market system and the executive regulations.

The general ordinary assembly met on Monday 7/4/1439 AH corresponding to 25-12/2017 AD and approved the amendments and additions to the company's governance regulation to keep up with the governance regulation issued by the Saudi Capital Market Authority, taking into consideration the insurance corporate governance regulations issued by the Saudi Arabian Monetary Agency.

The company applies all the provisions contained in the company's governance regulations issued by the Capital Market Authority, with the exception of the provisions listed below.

Article / paragraph number	Text of the article / paragraph	Reasons for non-application
Article twenty-four (paragraph C)	The board of directors must clearly determine the duties of the chairman of the Board of Directors, his deputy and the managing director, if any, and their responsibilities clearly if the company's articles of association do not have these means.	The functions of the Board chairman are stipulated in the article of association of the company. A policy is being prepared to ensure the powers of the chairman deputy
Article eighty-five	The company establishes programs to develop and encourage the participation and performance of the company's employees. They must include - in particular - the following: <ol style="list-style-type: none"> 1. Constituting committees or holding specialized workshops to listen to the opinions of company employees and discuss the issues and topics that are related to important decisions. 2. The programs that grant the employees shares in the company or a proportion of the profits it achieve and retirement programs in addition to establishing an independent fund for spending on these programs. 3. Establishing social institutions for the company employees 	The article is indicative
Article eighty-seven	The general ordinary assembly – according to a proposal from the Board of Directors - sets a policy that ensures a balance between its goals and the goals that society seeks to achieve with the aim of developing the social and economic conditions of the society.	The article is indicative
Article eighty-eight	The Board of Directors sets the programs and determines the necessary means to present the company's initiatives in the field	

	of social work , including the following: <ol style="list-style-type: none"> 1. Establishing measurement indicators linking the company's performance with its social work initiatives. Then , it compares this with other companies of similar activity 2. Disclosing the objectives of social responsibility adopted by the company to its employees, and their awareness and education. 3. Disclosing the plans for achieving the social responsibility in the periodic reports related to the company's activities Setting community awareness programs to define the company's social responsibility.	The article is indicative
Article ninety- five	In the event that the Board of Directors forms a committee that is specialized in companies' governance. Then it must delegate to it the competencies established in accordance with article 94 of this regulation .The committee must follow up any issues regarding governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it attained	The article is indicative.

2- Dividend Distribution Policies:

The company seeks to implement the policies mentioned in the company's articles of association, related to the distribution of shareholders 'profits in article (46) and with reference to paragraph (45) related to zakat and reserves as follows:

Article 45: Zakat and Reserve:

The company must:

1. Set aside Zakat and the determined income tax
2. Retain (20%) of the net profits to form a statutory reserve. The ordinary general assembly may stop this retention whenever the total reserve reaches 100% of the paid capital
3. The general ordinary assembly, when determining the proportion of shares in the net profits, may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.
4. Distribute the net annual profits of the company that it determines after deducting all general expenses and other costs and creating the necessary reserves to face the doubtful debts, investment losses and contingent liabilities that the Board of Directors holds essential according to the provisions of the Cooperative Insurance Companies Control Law and the judgments issued by the Saudi Arabian Monetary Agency. A ratio of no less than 5% of the paid capital is allocated, from the remainder of the profits after deducting the reserves determined in accordance with the relevant regulations and zakat, to be distributed to the shareholders according to what is proposed by the Board of Directors and decided by the General Assembly. If the remaining percentage of the profits owed to the shareholders is not sufficient to fulfill this percentage, the shareholders are not allowed to request paying it in the following year or years. The general assembly may not reduce the distribution of a percentage of the profits that exceeds what was proposed by the Board of Directors.

Article forty-six: Entitlement to Profits:

The shareholder is entitled to his share of the profits according to the decision of the general assembly issued in this regard. The decision specifies the due date and the date of distribution. The shareholders who are registered in the shareholders' records at the

end of the day specified for maturity are entitled to get these profits .The company informs the Capital Market Authority, without delay, of any profit distribution decisions or recommendations. The dividends determined to be distributed to the shareholders must be paid at the place and dates specified by the Board of Directors according to the instructions issued by the competent authority putting into consideration the prior written consent of the Saudi Arabian Monetary Agency.

3- The names of the Board of Directors' members, committee members, executive administration, their current and previous positions, qualifications and experience

A. The members of the Board of Directors

	Name	Current jobs	previous jobs	Qualifications	Experience
1	Ms. Nouf Saud Al-Haqbani	Partner in Bedaya Financial Company	Vice President at Credit Suisse Bank and Head of Investment at Tawuniya Insurance Company	Master of Finance	Vice President at Credit Suisse Bank and Head of Investment at Tawuniya Insurance Company
2	Mr. Hussam Talal Ghazzawi	The managing partner of Al-Ghazawi for legal Consulting, a member of the Board of Directors	The managing partner of Al-Azzawi for Legal Consulting, a member of the Board of Directors	Bachelor of Systems	Member of the Board of Directors from 1992 to date. Experience in legal work, business administration and development
3	Engineer / Muhammad Hani bin Abdul Qadir Al-Bakri	Member of the Board of Directors of Allied Cooperative Insurance Group - ACIG	Non	Bachelor of Nuclear Engineering 1982	Administrative and financial experience in managing several companies
4	Mr / Adel Mohamed Rashid Jamjoom	Acting Director of Conflict Division at the Islamic Development Bank	Ministry of Defense – Management of projects and international Airports.	Master of International Law Studies	Legal Researcher at the Ministry of Defense, Project Management, International Airports - Legal Adviser at the Islamic Development Bank - Acting Director of Disputes Division at the Islamic Development Bank
5	Mr / Hisham Mohammed Abdullah Al-Sharif	Chief Executive Officer of ACIG	Executive Vice President of the vehicles sector	High school	Executive Vice President of the vehicles Sector 2006 - 2011 Director of the vehicles Claims Department 2004 - 2006 -Director of Customer Service 2002-2004 - Director of Electronic Marketing and Sales 2001-2002
6	Dr. / Abdullatif bin Mohammed Al Sheikh	Chief Executive Officer of BE Systems Saudi Arabia for Development and Training	Executive Vice President for Strategy and Business Development, BA Systems	PhD in Business Administration	Experience in business development, strategy and business administration
7	Mr / Abdullah Abdulrahman Al-Rabdi	Member of the Board of Directors of Allied Cooperative Insurance Group (ACIG)	Chief Executive Officer of Al-Othaim Holding Company	Master's degree in International Management - Business Administration	Cief Executive Officer of CARE International - General Manager of the Saudi Paper Manufacturing Company
8	Mr / Khaled Suleiman Al-Jasser	Chairman of the Saudi Digital Payments Company	Chief Executive Officer of the Saudi Real Estate Company	Bachelor of Business Administration (Financial Management)	Chief Executive Officer of Bank Al-Bilad and the Arabian Centers Company
9	Mr/ Fawaz Mohammed	Managing Director of the Australian College of	Chief Executive Officer of the Saudi Aircraft Construction	Bachelor of Industrial	Member of the Board of Directors of the Middle East

	Al-Sharabi	Aviation (Aviation Australia)	and Maintenance Company	Engineering	Aircraft Engines Company, Chairman of the Board of Directors of the Helicopter Company
10	Mr/ Abdullah Saleh Al-Harbi	Chartered Accountant - Partner in Al- Awfi and Al- Harbi Company Chartered Accountants & Auditors	Internal audit Director at Al-Rajhi Bank and King Abdullah Financial District	Master in Accounting and Finance	Internal audit - zakat and tax – accounts audit – VAT /value added tax

B. Committees Members:

Auditing Committee

No.	Name	Current jobs	previous jobs	Qualifications	Experience
1	Mr. Abdullah Al-Harbi	Chartered Accountant - Partner in Al- Awfi and Al- Harbi Company Chartered Accountants & Auditors	Internal audit Director at Al-Rajhi Bank and King Abdullah Financial District	Master in Accounting and Finance	Internal audit - zakat and tax – accounts audit – VAT /value added tax
2	Mr. Nabil Nassif	Counselor	Deputy Secretary General of the Association of Districts Centers in Jeddah, the Islamic Development Bank	Master of Business Administration	The banking sector and the charitable sector
3	Dr. Masoum Bellah	Mr of Finance, Insurance and Islamic Economics, King Abdul Aziz University	Vice Chancellor - Octish Malaysia	PhD	Insurance
4	Mr. Abdullah Al-Shabli	Chief Executive Officer of the Saudi Society of Internal Auditors	Compliance Manager for Lockheed Martin, Internal Auditor for El Alam Information Security Company and Siemens, and Director of Operating Auditing for Mobily	Bachelor of Accounting	Internal auditing and commitment

Nominations and Remuneration Committee

No	Name	Current jobs	previous jobs	Qualifications	Experience
1	Mr / Fawaz Al-Sharabi	Managing Director of the Australian College of Aviation (Aviation Australia)	Chief Executive Officer of the Saudi Aircraft Construction and Maintenance Company	Bachelor of Industrial Engineering	Member of the Board of Directors of the Middle East Aircraft Engines Company - Chairman of the Board of Directors of the Helicopter Company
2	Mr / Naif Al-Tamimi	Head of Human Resources Department - Four Seasons Hotel,	Regional Director of Personnel Affairs - Intercontinental Hotel	Business Administration (Bachelors)	Human resources
3	Dr. / Abdullatif bin Mohammed Al Sheikh	Chief Executive Officer of Saudi BA Systems for Development and Training	Executive Vice President, Strategy and Business Development, BA Systems	Doctorate of Business Administration	Experience in business development, strategy and business administration

Risk Management Committee

No.	Name	Current jobs	previous jobs	Qualifications	Experience
1	Mr / Hussam Talal Ghazzawi	The managing partner, Al-Ghazawi for legal consulting, a member	The managing partner, Al-Ghazawi for legal consulting, a member of	Bachelor of Systems	Member of the Board of Directors from 1992 to date. Experience in legal

		of the Board of Directors	the Board of Directors		work, business administration and development
2	Mr / Hisham bin Mohammed Al-Sharif	Chief Executive Officer of (ACIG)	Executive Vice President of Vehicles 2006-2011 Director of vehicles Claims Department 2004- 2006 Director of Customer Service 2002 - 2004 Marketing and Electronic Sales Officer 2001- 32002	High school	Car subscription and claims - customer service - electronic marketing and sales
3	Dr. Youssef Basoudan	Retired - and currently contracting with King Abdul Aziz University / faculty member	Vice Dean of the Institute of Islamic Economics for Postgraduate Studies and Scientific Research - King Abdul Aziz University	PhD	Auditing and financial accounting

Investment Committee

No.	Name	Current jobs	previous jobs	Qualifications	Experience
1	Mr/ Nouf Saud Al-Haqbani	Partner in Bedaya Financial Company	Vice President at Credit Suisse Bank and Head of Investment at Tawuniya Insurance Company	Master of Finance	Vice President at Credit Suisse Bank and Head of Investment at Tawuniya Insurance Company
2	Mr / Hisham bin Mohammed Al-Sharif	Chief Executive Officer of ACIG	Executive Vice President, Vehicles Sector 2006 - 2011 Director of cars Claims Department 2004-2006 Director of Customer Service 2002-2004 Director of Marketing and Electronic Sales 2001-2002	High school	Car suscription and claims - customer service - electronic marketing and sales
3	Mr / Abdullah Abdul Rahman Al-Rabdi	Board Member, Allied Cooperative Insurance Group (ACIG)	Chief Executive Officer of Al-Othaim Holding Company	Master of International Management - Business Administration	Chief Executive Officer of CARE International - General Manager of the Saudi Paper Manufacturing Company

The Executive Committee

No	Name	Current jobs	previous jobs	Qualifications	Experience
1	Engineer / Muhammad Hani bin Abdul Qadir Al-Bakri	Member of the Board of Directors, Chairman of the Maritime Transport Committee at the Jeddah Chamber of Commerce and Industry	Mr Assistant at King Abdul Aziz University, Chairman of the Navigation Committee at the Jeddah Chamber of Commerce	Bachelor in Nuclear Engineering 1982	Member of the Board of Directors of a group of companies
2	Mr. Hussam Talal Ghazzawi	Managing Partner of Al-Ghazzawi Legal Consulting Member of the Board of Directors	Managing Partner of Al-Ghazzawi Legal Consulting Member of the Board of Directors	Bachelor of Systems	Member of the Board of Directors from 1992 to date Experience in legal work, business administration and development
3	Mr. Hisham Mohammed Abdullah Al-Sharif	Chief Executive Officer of (ACIG)	Executive Vice President, Vehicles Sector 2006 - 2011 Director of cars Claims Department 2004- 2006 Director of Customer Service 2002-2004 Director of Marketing and Electronic Sales 2001-2002	High school	Car subscription and claims - customer service - electronic marketing and sales

4	Dr. / Abdullatif bin Mohammed Al Sheikh	Chief Executive Officer of Saudi BA Systems for Development and Training	Executive Vice President of Strategy and Business Development of BA Systems	Doctorate of Business Administration	Experience in strategy, business development and business administration
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C. The Executive Management

SN	Name	Current jobs	previous jobs	Qualifications	Experience
1	Hisham Mohammed Abdullah Al-Sharif	Chief Executive Officer of ACIG	Executive Vice President, Vehicles Sector 2006 - 2011 Director of cars Claims Department 2004- 2006 Director of Customer Service 2002-2004 Director of Marketing and Electronic Sales 2001-2002	High school	Car subscription and claims - customer service - electronic marketing and sales
2	Mohammed bin Abdullah Al-Qadi	Head of Operations and Technical Affairs, Allied Cooperative Insurance Group (ACIG)	Regional Director of the Central Region- Al Tawenyia- Marketing Channel Manager - Al Tawenyia- Regional subscription Manager of the Central Region – Al Tawenyia IPO manager - Al Tawenyia- General subscription manager for commercial insurance - Al Tawenyia Senior Officer of subscription and Collaborative Client Relationships Al Tawenyia -Client Relationship Officer	* Bachelor of Marketing (1992) * Diploma in Customer Satisfaction & it's contribution to Profit (1995) * COP - London (1996) * PIC - London (2004) * Several advanced courses in subscription and strategic management (2004) - (2011) * Certified Trainer Certificates (2014)	*Designing insurance products *Insurance market study and forecasts *Spread and markets invasion. *Preparing budgets and strategic plans. *Technical department management *Sales and Marketing Department. *Control over all company operations *Continuous development of all systems, automation and application work related to facilitate operations. * Preparing reinsurance programs and controlling the distribution of risks Training and curriculum design Participant and speaker in some insurance conferences internally and externally Cooperative trainer certified by the Financial Institute in insurance training in all its branches
3	Hassan Awad Hassan Al Hazmi	Executive Vice President of Marketing and Sales	1- Information Technology at Irfan Group 2000-2002 2- Deputy General Manager, of the agent of Al Tawinyia for Insurance 2002-2006 3- Chief Executive Officer of Helwan Insurance Brokerage Company 2006-2009 4- Director of Individuals Insurance - ACIG 2009-2013 Executive Vice President of Marketing and Sales 2013 until now	Bachelor of Electrical Engineering - Department of Computers	Information Technology, Marketing and Electronic Sales, Insurance Sales
4	Shaqoul Hamid Sherif	Vice President of Finance and Investment	Accounts supervisor (two years) - auditor (two years) – accounts reviewer (6 years) - accounts manager (two years) - financial consultant	Master of Financial Management	Accounts, Finance and Auditing.

5	Ammar bin Maqtouf El sahn	Assistant Chief Executive Officer - Strategy and Business Development	(two years). General Manager - Al Rowad Company for Insurance Agency Business Development Manager – Al Tawinyia Insurance Experience of more than eighteen years in the insurance sector, during which he worked in several departments, including compensation, subscription, sales, marketing, strategy and business development	Bachelor's degree - Operations Research	Vehicle Compensation, Vehicle subscription, Sales and Marketing, Product Development, Strategy and Business Development, Automation Project Management and Digital Transformation
6	Majid Al-Shoudary	Chief of Information Security	A total of 19 years are as follows: * Chief Information Officer (Jabal Omar Development Company) * Acting Head of joint Services (Al-Muhaidib Contracting, Maintenance and Operation Company) * Specialist 3 - Information Security Governance (Yanbu Aramco Sinopec Petroleum Refining Company YASREF) * Director of Operations and Infrastructure Group Saudi Economic and Development Holding Company (SEDCO) * Cyber security Supervisor (National Commercial Bank)	* Information Risk Management - Harvard University * consultancy degree - Saudi Ministry of Commerce and Investment * consultancy Degree - Supreme Council of Global E-Commerce Consultants * Advisory degree - global digital business transformation organization * Postgraduate - Business Administration - University of Leicester, UK * Bachelor - Computer Science - King Abdul Aziz University Many professional courses in joint services in general, information security and technology in particular - 26 certificates	Commonly joint services, which include the following: 1. Information Security 2. information technology 3. Digital business transformation 4. Human resources 5. Project management 6. Internal and external communication 7. Contracts and purchases Operation
7	Abdulaziz Faraan Al-Anzi	Executive Vice President of the vehicles sector	Experience of more than 16 years in several departments of the vehicle insurance sector including claims and subscription of cars- Al Tawinyia for insurance	Diploma in Insurance, Bachelor of Business Administration – Electronic Commerce Allocation	Vehicles insurance

4- Board of Directors:

The company's board of directors is responsible for supervising the management of the company that runs its operational and financial affairs, taking all main decisions related to its policies. The chief responsibility of the board is represented in ensuring effective governance of the company's affairs in a way that accomplish the interests of shareholders and the documents holders. It is also liable for balancing between the various interests of the beneficiaries such as the clients of the company and the institutions associated with it with commercial relations. The members of the company's board of directors, through all the procedures decided by the board care about taking appropriate measures to serve the company's interest in the best possible manner. The follow-up is done by the board and its committees, the executive administrative of the company in carrying out the decisions and strategies approved by the board of directors and its related committees ensuring its implementation as required.

This is the fifth session of the Board of Directors that was formed in the general ordinary assembly on 15/05/2019 AD. This session starts from 18/05/2019 AD and ends on 17/05/2022 AD (for a

period of three years). The members were elected as per the cumulative voting method. The number of the current Board of Directors is ten members which are classified as follows:

The formation of the board of directors and the classification of its members

Name	Membership classification (Executive / Non-Executive / Independent)
Nouf Saud Al-Haqbani	Independent
Hussam bin Talal Al-Ghazzawi	Non-Executive
Mohammed Hani bin Abdul Qadir Al-Bakri	Non-Executive
Abdullatif bin Mohammed Al Sheikh	Non-Executive
Fawaz Muhammad Al-Sharabi	Independent
Khaled Suleiman Al-Jasser	Independent
Adel Mohammed Rashid Jamjoom	Non-Executive
Abdullah Abdul Rahman Al-Rabdi	Independent
Abdullah Saleh Al-Harbi	Independent
Hisham bin Mohammed Al-Sharif	Executive

On 17/03/2020 AD, the Board of Directors of the company agreed to appoint Mr. Adel Mohammed Jamjoom as a non-executive member and Mr. Abdullah Abdul Rahman Al-Rabdi as an independent member in the Board of Directors, after the company received the Saudi Arabian Monetary Agency letter No. 41050503 on 21/7/1441 AH which states that the institution does not object to this appointment provided that

On 7/9/2020 AD, the Board of Directors approved the resignation of the Chairman of the Board of Directors, Eng. Thamer bin Abdullah bin Rayes, from membership of the Board of Directors. On this occasion, the Board expresses its sincere thanks and appreciation to his excellency for his efforts during his work as a president of the Council, wishing him continued success. The Vice-Chairman of the Board of Directors, Engineer Tariq bin Abdullah Al-Rumayem, will take over the duties of the Chairman of the Board until the appointment of a Chairman of the Board of Directors and approval of the relevant authorities.

On 20/10/2020 AD, the Board of Directors approved the resignation of the Vice-Chairman of the Board of Directors, Eng. Tariq bin Abdullah Al-Rumim, in charge of the presidency of the Board of Directors. The Board of Director, on this occasion, expresses its sincere gratitude and appreciation to his excellency, wishing him continued success in the years to come.

Ms. Nouf Al-Haqbani, the member of the Board of Directors, was chosen to take over the duties of the Chairman of the Board until a new chairman of the Board of Directors is appointed. The approvals are obtained from the relevant authorities.

The Board of Directors of the company approved, according to the Board Resolution No. (18/2020) on 29/11/2020 AD, to appoint Mr. Khaled Suleiman Al-Jasser as an independent member and Mr. Abdullah Saleh Al-Harbi as an independent member of the Board of Directors starting from the date of the decision, after the company received the electronic mail from the Central Bank of Saudi Arabia on 29/11/2020 AD which states that it does not object to this appointment, provided that this appointment is submitted to the shareholders for voting in the first meeting of the general assembly whose date will be announce later.

The Board of Directors of the company approved according to board resolution No. (18/2020) on 29/11/2020 AD, to appoint Ms. Nouf Saud Al-Haqbani, as a chairman of the Board, and Mr. Hussam Talal Ghazzawi, Vice-Chairman of the Board of Directors as of the date of the decision until 17/05/2022 AD after the company received the electronic email from the Central Bank of

Saudi Arabia on 29/11/2020 AD regarding the Saudi Central Bank's consent to appoint them in these positions.

The Board of Directors of the company approved the resignation of the Chairman of the Board of Directors, Ms. Nouf Bint Saud Al-Haqbani, from the membership and presidency of the Board of Directors and the committees emanating from it in its meeting on 15/02/2021 AD.

The Board also decided to appoint the member of the Board of Directors, Engineer / Fawaz Al-Sharabi, as Chairman of the Board of Directors provided that the Saudi Central Bank approves this appointment in the same meeting.

The number of shares owned by members of the Board of Directors

Name	The number of shares owned in the company
Mr Nouf Saud Al-Haqbani	12480 shares
Mr. Hussam bin Talal Al-Ghazzawi	705 shares
Engineer / Mohammed Hani bin Abdul Qadir Al-Bakri	-
Mr / Fawaz Muhammad Al-Sharabi	-
Dr. / Abdullatif bin Mohammed Al Sheikh	705 shares
Mr / Hisham bin Mohammed Al-Sharif	1410 shares
Mr / Adel Mohamed Rashid Jamjoom	23 shares
Mr / Abdullah Abdul Rahman Al-Rabdi	3,797 shares
Mr / Khaled Suleiman Al-Jasser	28 shares
Mr / Abdullah Saleh Al-Harbi	-

5- Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or of its managers

Name of a member of the Board of Directors name	Names of companies in which a Companies names in which the member of the board of directors is a member of their current boards of directors or of their directors	Inside the Inside / Outside the Kingdom	Legal Entity (Listed Legal Entity(Listed Joint Stock / Unlisted Joint Stock / Limited Liability Company)	Names of companies in which a Companies names in which the member of the board of directors is a member of their current boards of directors or of their directors	Inside the Inside / Outside the Kingdom	Legal Entity (Listed Joint Stock / Unlisted Joint Stock / Limited Liability Company)
	Australian Aviation College (Aviation Australia)	inside	Limited liability	Helicopter Corporation	inside	One person Closed shareholding
Fawaz Muhammad Al-Sharabi	Asbar Gulf Company	inside	Limited liability	Middle East Engines Company	inside	Limited liability
				Aircraft Limited Saudi Company for the preparation and maintenance of aircrafts	inside	Limited liability
				Nothing		
Muhammad	Rawafd Holding	inside	Limited			

Hani Abdul Qadir Bakri Al-Bakri	Company		liability			
	United International Trade and Technology Co., Ltd.	inside	Limited liability			
	North of England Protection and Indemnity Club	Outside	Cooperative			
	Azzelia Investment Bahrain	Outside	Limited liability			
	Arab Qods Trading Company Ltd.	inside	Limited liability			
	Al Dar Al Shafia Trading Company Ltd.	inside	Limited liability			
Hisham Mohammed Al-Sharif	Nothing			Nejm Insurance Services Company	inside	Unlisted Holding
				Al Tawinyia Insurance Company	inside	listed Holding
Hussam Talal Amin Ghazzawi	Al-Ghazzawi for legal investment	inside	A professional company			
	Al-Ghazzawi Development Company Ltd.	inside	Limited liability			
	Saudi Investment and Marketing Group Ltd.	inside	Limited liability			
Nouf Saud Al-Haqbani				Northern Trust	inside	Limited liability
	Nothing			Mid Gulf	inside	Listed Holding
Abdullilah Abdul Rahman Al-Rabdi	Sulaiman Bin Saleh Al Muhailib & sons Holding Company	inside	Closed Holding	Saudi Paper Manufacturing Company	inside	Holding
	Al-Bazai Motors Company	inside	Closed Holding	CARE International Co	inside	Closed Holding
	Pure Water Company	inside	Closed Holding	Al-Othaim Holding Company	inside	Closed Holding
Adel Mohammed Rashid Jamjoom	Islamic Development Bank	-	International institution			
	Saudi Digital Payments Company	inside	Limited liability	Saudi Real Estate Company	inside	Listed Holding
				Arabian Centers	inside	Listed

				Company		Holding
				Al Bilad Bank	inside	Listed Holding
Abdullah Saleh Al-Harbi	Alsharq Industries Company	inside	Limited liability	nothing		
	Al- Awfi and Al-Harbi Company Chartered Accountants & Auditors	inside	Limited liability			
Abdullatif Mohammed Al Sheikh	Saudi BAE Systems for Development and Training	inside	Limited liability	Aircraft Supplementary Equipment Company Ltd.	inside	Limited liability
				International Systems Engineering	inside	Limited liability
				Saudi Company for Training and Development	inside	Limited liability
				Advanced Electronics Company	inside	Limited liability

6- The procedures taken by the Board of Directors to inform its members - especially non-executives - of shareholders 'proposals and comments about the company and its performance

The Board has implemented this procedure to inform its members, especially non-executives according to the shareholders 'suggestions and observations about the company and its performance through discussions, inquiries and comments submitted by shareholders through the general assemblies of the company. The chairman of the assembly responds to these discussions and inquiries while being held. In the event that there is any proposal that is consistent with the company's policies, it is recorded in the meeting minutes and submitted to the first board meeting for discussion.

7- The disclosure of the remuneration and allowances of members of the Board of Directors, committees and senior executives:

A – The remuneration policy for members of the Board of Directors and committees in accordance with article (19) of the Company's articles of association

" The minimum annual remuneration of the chairman of the board of directors for the services he executes is an amount of one hundred and eighty (180,000) Saudi riyals annually. The minimum remuneration of each member of the board of directors for the service he carries out is in an amount of one hundred and twenty thousand (120,000) Saudi riyals annually provided that the maximum amount is five hundred thousand (500,000) Saudi riyals annually. These remunerations are granted due to their membership in the board of directors and their participation in its work, including the additional remuneration in the event that the member participates in any of the committees emanating from the board of directors.

In the event that the company achieves profits, a percentage equivalent to (10%) of the remaining net profit may be distributed after deducting the reserves decided by the general assembly so as to apply the

provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to the shareholders of not less than (5%) of the company's paid-up capital provided that the entitlement to this reward is proportional to the number of sessions attended by the member attends. Each estimate that is contrary to that is held void.

In all cases, the total remuneration and financial or in-kind benefits and rewards which a member of the board of directors gets does not exceed an amount of (500,000 riyals) five hundred thousand riyals annually.

The maximum allowance of the sessions attendance of the council and its committees is (5000 riyals) five thousand riyals for each session. This allowance does not include travel and accommodation expenses.

Each member of the council in addition to the chairman of the council is entitled to the value of the actual expenses that they incur for attending the board meetings or the committees emanating from the board of directors including travel, accommodation and subsistence expenses.

The report of the board of directors submitted to the general ordinary assembly must include a comprehensive statement of all remunerations, expenses allowances and other benefits that the board members got during the financial year in addition to a statement of the amounts they got as workers or administrators or what they have received in return for technical, administrative or consulting works. Moreover, it must include a statement of the number of the board sessions and the number of sessions attended by each member from the date of the last meeting of the general assembly.

The remuneration policy for members of the board of directors, committees emanating from the board, and senior executives, approved by the general ordinary assembly on 2/4/2018AD.

First: Introduction:

The remuneration policy of the members of the board of directors, committees emanating from the board and senior executives has been prepared to comply with paragraph (1) of article (61) of the Corporate Governance Regulations issued by the Capital Market Authority, which stipulates that the remuneration and nominations committee " prepares a clear policy for the remuneration of the board of directors' members , committees emanating from the it and senior executives, and submitting them to the board of directors for considering and approving it from the general assembly ... "

Second: Objective:

This policy aims to determine clear standards for the remuneration of the members of the board of directors, the emanating committees, and senior executives according to the requirements of the companies' system and the rules and regulations of the Capital Market Authority. It also aims to attract individuals endowed with a degree of competence, ability and talent to work in the board of directors, committees emanating from the board and senior executives by adopting incentive plans and programs for rewards that is associated with performance which contributes to improving the company's performance and achieving the interests of its shareholders.

Third: General Standards for Rewards:

The job of the remuneration and nominations committee is to give recommendations to the board with regard to the remuneration of board members, the members of the committees and the senior executives of the company in accordance with the approved standards that can be summed up as follows:

1. The remuneration must be commensurate with the company's activity and the skills required for managing it.
2. The company takes into account the consistency of the remuneration with the company's strategy and objectives with the size, nature and degree of its risks.
3. The company considers the practices of other companies and what is prevailing in the labor market

concerning the determination of remuneration.

4. The remunerations are determined according to the level of the job, the tasks and responsibilities, the educational qualifications, work experience, skills, and level of performance.
5. The remuneration must be fair and commensurate with the member / employee's competencies and the works and responsibilities done by members of the board of directors or the committees and the senior executives in addition to the goals that have been specified by the board of directors to be accomplished during the financial year.
6. The remuneration disbursement or recovery are suspended if they have been determined according to inaccurate information which a member board of directors or executive management submitted to eliminate the exploitation of the employees positions in receiving undue rewards.

Fourth: The remuneration of the board members:

1.	The members of the board of directors are entitled to a specified amount for attending the sessions and an additional allowance in case of travel.
2.	An annual remuneration to the chairman and the members of the council for the service they perform as stated in this policy in accordance with the included schedule.
3.	The remuneration of the members of the board of directors may also be a percentage of the profits, taking into account the provisions of article 19 of the articles of association of the company provided that the total rewards and financial and in-kind benefits that a member receives in all cases does not exceed an amount of (500,000) five hundred thousand Saudi riyals annually.
4.	The annual report of the board of directors submitted to the general assembly of shareholders must include a comprehensive statement of all rewards, expense allowance and other benefits that board members received during the financial year. It must also include a statement of what the board members received as workers, administrators, or for technical, administrative or consulting works (if any) as well as a statement of the number of the board sessions and the number of sessions.

Fifth: The remuneration of the committee members:

1. The remuneration of membership of committees emanating from the board of directors consists of allowances for attending meetings and an additional allowance for travel
2. Each member of the auditing committee, whether a member of the board or from outside the board of directors, deserves an annual remuneration as stated in this policy in accordance with the included schedule.
3. Each member of the other committees who is a member of the board of directors or the company administration is entitled to an annual remuneration as stipulated in this policy in accordance with the included schedule.
4. Each member of the other committees from outside the members of the board of directors is entitled to an annual remuneration as indicated in this policy in accordance with the included schedule.

Sixth: The Sharia supervisory board:

1. The remuneration of members of the Sharia supervisory board consists of the allowances for attending meetings and an additional allowance in case of travel.
2. An annual remuneration for the chairman of the Sharia Supervisory Board for the service he carries out as set in this policy as per the included.
3. Each member of the Sharia Supervisory Board is entitled to an annual remuneration as described in this policy according to the included schedule.

Seventh: remuneration of executive management:

The remuneration and nomination committee reviews the performance of the senior executives, specifies the incentive policies and plans and submits its recommendations to the board of directors. The annual reward system (based on the monthly basic salary) will rely on the relationship between the company's performance and the employee's performance level (for example, very good, excellent). The company's performance is determined by the level of net income output and is linked to the employee's performance level.

Eighth: A statement of remuneration details of the members of the board of directors and its committees:

1) The members of the board of directors:

A- An allowance for attending one session	3,000 SR
B - An additional allowance (travel) for those who are outside the city in which the meeting is held.	2,500 SR
C – An annual remuneration for the chairman of the board of directors	A minimum of 180,000 riyals
D - An annual reward for each member of the board of directors	A minimum of 120,000 riyals
E- A reward which is related to profits. A certain percentage of net profits is determined according to a recommendation from the Remuneration and Nominations Committee in the event the company achieves profits after fulfilling the statutory conditions and requirements.	

2) The members of the committees emanating from the board of directors:

A- Allowance for attending one session	SR 1500
B - An additional allowance (travel) for those who are outside the city in which the meeting is held.	SR 2500
C - Each member of the auditing committee, whether a member of the board or from outside the board of directors, is entitled to an annual remuneration.	SR 50,000
D- Each member of the other committees who is a member of the board of directors or the company's management is entitled to an annual remuneration	SR 15,000
E- Each member of the other committees from outside the board members is entitled to an annual reward	SR 30,000

3) The members of the Sharia Supervisory Board:

A- Allowance for attending one session	2,000 riyals
B - An additional allowance (travel) for those who are outside the city in which the meeting is held.	2,500 riyals
C – An annual reward for the president of the Sharia Supervisory Board	50,000 riyals
D- Each member of the Sharia Board is entitled to an annual remuneration	30,000 riyals

(B) The policy of remuneration of the members of the executive administration

The Remuneration and Nomination Committee reviews the performance of senior executives, sets the incentive policies and plans and submits its recommendations to the Board of Directors. The annual reward system (as per the monthly basic wage) depends on the relationship between the company's performance and the employee's performance level, for example (good, very good, excellent). The company's performance is determined by the level of net income output and is linked to the employee's performance level.

The remunerations and compensations paid to the members of the board of directors during 2020 (in Saudi riyals)

member name	A certain	Fixed rewards					Variable rewards					Total	End of ser	Grand total	Expense allowan ce
		Allowa nce for attendi	Total allowance for	In- kin d	Remunera tion for the	Total	percen tage of profits	Periodic reward	Short-term incentiv	Long-term incentiv	Awarde d shares (value is				

		amount	ng board sessions	attending committee sessions	benefits	chairman or managing director if he is a member				e plans	e plans	entered)		vice reward		
	First: the independent members															
1	Tariq Abdullah Hussein Al-Rameem		12,000	12,000			24,000		120,000				120,000		144,000	
2	Fawaz Muhammad Al-Sharabi		12,000	6,000			18,000		120,000				120,000		138,000	
3	Nouf Saud Al-Haqbani		15,000	9,000			24,000		120,000				120,000		144,000	
4	Ziad Laban		-				-		50,000				50,000		50,000	
5	Abdullah Abdullrahman Al-Rabdi		9,000			-	9,000		-				-		9,000	
6	Khaled Suleiman Al-Jasser		-			-	-		-				-		-	
7	Abdullah Saleh Al-Harbi		-	13,500		-	13,500		-				-		13,500	
			48,000	40,500		-	88,500		410,000				410,000		498,500	-
	Second: the non executive members															
1	Thamer Abdullah bin Rayes		12,000	15,000			27,000		180,000				180,000		207,000	
2	Mohammed Hani bin Abdul Qadir al-Bakri		15,000	4,500			19,500		120,000				120,000		139,500	
3	Hussam Talal Ghazzawi		15,000	13,500			28,500		120,000				120,000		148,500	
4	Adel Mohammed Rashid Jamjoom		9,000				9,000		100,000				100,000		109,000	
5	Dr. / Abdullatif bin Mohammed Al Sheikh		12,000	13,500			25,500		120,000				120,000		145,500	
			63,000	46,500		-	109,500		640,000				640,000		749,500	
	Third: Executive members															
1	Hisham Mohammed Al-Sharif		15,000	22,500			37,500		120,000				120,000		157,500	
	Grand total		15,000	22,500		-	37,500		120,000				120,000		157,500	-
	Total		126,000	109,500		-	235,500		1,170,000				1,170,000		1,405,500	-

There is not any fundamental deviation between the rewards granted and the applicable remuneration policy since all members have received the minimum rewards. The periodic remuneration paid to the chairman and members of the board of directors in the above table represent the remuneration for membership of the board of directors. The remuneration of the committees will be disclosed separately.

(C) The benefits and rewards paid to five senior executives who received the highest remuneration and compensation in addition to the Chief Executive Officer and The Chief Financial Officer:

Senior Executive Jobs	Fixed rewards				Variable rewards						End of service reward	Total rewards of the executives for the board, in any	Grand total
	payroll	Allowances	In kind benefits	Total	Periodic reward	Profits	Short-term incentive plans	Long-term incentive plans	Awarded shares (value is entered)	Total			
Chief Executive Officer	1,440,000	568,008		2,008,008	120,000					120,000	167,792	120,000	2,415,800
Vice President for Financial Affairs and Investment	528,000	288,792	17,004	833,796						-	67,418		901,214
Vice President for Technical Affairs	660,000	295,008		955,008						-	79,802		1,034,810
Vice President of vehicles Sector	660,000	345,000		1,005,000						-	37,226		1,042,226
Vice President of Sales and Marketing	480,000	222,000		702,000						-	58,660		760,660
TOTAL	3,768,000	1,718,808	17,004	5,503,812	120,000	-	-	-	-	120,000	410,898	120,000	6,154,710

(D) Remuneration for members of the committees:

	Fixed remuneration (except for committee attendance allowance)	Allowance for attending sessions	Total
Members of the Auditing Committee			
Abdullah Al-Harbi	50,000	13,500	63,500
Nabil Nassif	50,000	10,500	60,500
Dr / Masoum Bellah	30,000	13,500	43,500
Abdullah Al-Shabli	50,000	13,500	63,500
Total	180,000	51,000	231,000

Members of the Auditing Committee

Fawaz Al-Sharabi	15,000	6,000	21,000
Dr. / Abdullatif Mohammed Al Sheikh	15,000	6,000	21,000
Tariq Abdullah Al-Rumim	15,000	3,000	18,000
Nayef Al-Tamimi	30,000	6,000	36,000
Total	75,000	21,000	96,000

Members of the Investment Committee

Thamer Abdullah bin Rayes	15,000	9,000	24,000
Nouf Saud Al-Haqbani	15,000	9,000	24,000
Tariq Abdullah Al-Rumim	15,000	9,000	24,000
Hisham Mohammed Al-Sharif	15,000	9,000	24,000
Abdullah Abdul Rahman Al-Rabdi	-	-	-

Total	60,000	36,000	96,000
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Members of the Risk Management Committee

Hussam Talal Al-Ghazzawi	15,000	4,500	19,500
Hisham Mohammed Al-Sharif	15,000	4,500	19,500
Dr. Youssef Basoudan	30,000	4,500	34,500
Total	60,000	13,500	73,500

Members of the Executive Committee

Thamer Abdullah bin Rayes	15,000	6,000	21,000
Muhammad Hani Abdul Qadir Al-Bakri	15,000	4,500	19,500
Hossam Talal Al Ghazzawi	15,000	9,000	24,000
Dr. / Abdul Latif Mohammed Al Sheikh	15,000	7,500	22,500
Hisham Mohammed Al-Sharif	15,000	9,000	24,000
Total	75,000	36,000	111,000

8- Board of directors meeting:

The board of directors held 5 meetings during 2020. The number of attendees is as follows:

No.	Member name	The first meeting 17/03/2020 AD	The Second meeting 02/06/2020 AD	The Third meeting 16/08/2020 AD	The Fourth meeting 26/10/2020 AD	The Fifth meeting 22/12/2020 AD	Number of times of attendance
1	Engineer Thamer bin Abdullah bin Rayes	Attended	Attended	Attended	Resignation	Resignation	3
2	Engineer Tariq bin Abdullah bin Hussein Al-Rumim	Attended	Attended	Attended	Resignation	Resignation	3
3	Mr Nouf Saud AlHaqbani	Attended	Attended	Attended	Attended	Attended	5
4	Mr Hisham bin Mohammed Al-Sharif	Attended	Attended	Attended	Attended	Attended	5
5	Engineer Muhammad Hani bin Abdul Qadir al-Bakri	Attended	Attended	Attended	Attended	Attended	5
6	Dr. Abdul Latif bin Mohammed Al Sheikh	Attended	Attended	Attended	Attended	Attended	5
7	Mr Hussam bin Talal AlGhazawi	Attended	Attended	Attended	Attended	Attended	5
8	Engineer / Fawaz Al-Sharabi	Did not attend	Attended	Attended	Attended	Attended	4
9	Mr / Abdullah Abdulrahman Muhammad AlRabdi	Not a member	Attended	Attended	Attended	Attended	4
10	Mr / Adel Mohamed Rashid Jamjoom	Not a member	Attended	Attended	Attended	Attended	4
11	Mr / Khaled Suleiman Al-Jasser	Not a member	Not a member	Not a member	Attended	Attended	1

12	Mr / Abdullah Saleh AlHarbi	Not a member	Not a member	Not a member	Attended	Attended	1
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A general ordinary assembly meeting was held on 9/6/2020 AD.

A general extraordinary assembly meeting was held on 26/8/2020 AD.

The board of directors has also taken several pass-through decisions, represented by nineteen decisions, which are as follows:

- 1- Board of Directors Decision No. 1/2020, dated 16/01/2020
- 2- Board of Directors Decision No. 2/2020, dated 19/01/2020
- 3- Board of Directors Decision No. 3/2020, dated 12/04/2020
- 4- Board of Directors Decision No. 4/2020, dated 11/06/2020
- 5- Board of Directors Decision No. 5/2020, dated 06/07/2020
- 6- Board of Directors Decision No. 6/2020, dated 25/08/2020
- 7- Board of Directors Decision No. 7/2020, dated 07/09/2020
- 8- Board of Directors Decision No. 8/2020, dated 08/09/2020
- 9- Board of Directors Decision No. 9/2020, dated 08/09/2020
- 10- Board of Directors Decision No. 10/2020, dated 08/09/2020
- 11- Board of Directors Decision No. 11/2020, dated 20/10/2020
- 12- Board of Directors Decision No. 12/2020, dated 26/10/2020
- 13- Board of Directors Decision No. 13/2020, dated 29/10/2020
- 14- Board of Directors Decision No. 14/2020, dated 29/10/2020
- 15- Board of Directors Decision No. 15/2020, dated 29/10/2020
- 16- Board of Directors Decision No. 16/2020, dated 02/11/2020
- 17- Board of Directors Decision No. 17/2020, dated 26/11/2020
- 18- Board of Directors Decision No. 18/2020, dated 29/11/2020
- 19- Board of Directors Decision No. 19/2020, dated 14/12/2020

9- A penalty, sanction, precautionary measure, or precautionary restriction imposed on the company

Punishment / penalty / precautionary measure / precautionary register	Reasons for the violation	Period	The signatory of the violation	Ways of its treatment it and avoiding its occurrence in the future
Penalty in amount SR 5000	Failure to implement employee distancing in accordance with the preventive precautions for the Corona pandemic	Fourth quarter of 2020	Saudi Central Bank	All corrective actions have been taken by distancing
Penalty in amount SR 10,000	Failure to comply with the implementation of	Fourth quarter of	Ministry of Human	In order to avoid committing such violations,

	the arrangements and decisions of the Ministry that organizes exceptional circumstances	2020	Resources and Social Responsibility	appropriate measures have been taken not to terminate an employee's contract by the Human Resources Department without the approval of the Legal Affairs Department, in order to verify the validity of the contract termination.
Penalty in amount SR 135,000	Violating the establishment's instructions regarding due diligence in combating money laundering and terrorist financing	Third Quarter of 2019	SAMA Saudi Arabian Monetary Agency	The company has developed a corrective plan to process and implement all requirements related to combating money laundering system and to ensure that they do not occur in the future

10 - The committees of the board of directors:

- The executive committee**

The executive committee consists of four members of the board of directors, namely engineer Mohammed Hani Al-Bakri, Mr Hussam bin Talal Al-Ghazawi, Mr Hisham bin Mohammed Al-Sherif, and Dr. / Abdul-Latif Abdullah Al-Sheikh. The executive committee held six meetings during 2020 AD. The executive committee studies the issues submitted to the board of directors before discussing them in the board, and issues its recommendations which will facilitate the board's discussions. In addition, the committee takes decisions on matters assigned to it by the board from time to time including some powers according to the work need of the company.

No.	member name	The first meeting 17/03/2020 AD	The Second meeting 02/06/2020 AD	The Third meeting 16/08/2020 AD	The Fourth meeting 26/10/2020 AD	The Fifth meeting 24/12/2020 AD	The Sixth meeting 22/12/2020 AD	Number of times of attendance
1	Engineer Thamer bin Abdullah bin Reyes	Attended	Attended	Attended	Resignation	Resignation	Resignation	3
2	Mr / Hisham bin Mohammed Al-Sharif	Attended	Attended	Attended	Attended	Attended	Attended	6
3	Mr / Hussam Ghazzawi	Attended	Attended	Attended	Attended	Attended	Attended	6
4	Engineer Muhammad Hani bin Abdul Qadir Al-Bakri	Attended	Attended	Didn't Attended	Attended	Attended	Attended	5
5	Dr. / Abdul Latif Al Sheikh	Attended	Attended	Attended	Attended	Attended	Attended	6

Engineer Thamer bin Abdullah bin Reyes submitted his resignation from the committee on 7/9/2020 AD. The resignation was accepted and held effective on the same day of submittal.

▪ **Auditing Committee:**

- **The auditing committee consists of four independent members. All the members are from outside the board of directors, as follows:**

▪ Mr. Abdullah Al-Harbi	Chairman of the Committee
▪ Mr. Nabil bin Abdullilah Nassif	Member
▪ Dr. Masum Billah	Member
▪ Mr. Abdullah Al-Shibily	Member

Whereas, on 30/5/2019 AD, the board decided to recommend submitting to the general assembly to vote on forming the Auditing Committee from the above-mentioned members, On 9/7/2019 AD, the general ordinary assembly approved the formation of the committee with the same names, which starts on 9/7/2019 until 17/5/2022.

The Auditing Committee held nine meetings during 2020 AD. It carried out the following tasks:

- Reviewing the company's financial statements and ensuring their safety, financial reporting procedures, internal accounting systems and financial control requirements in the company
- The annual independent review of the company's financial statements, seeking the help of external auditors, and evaluating the qualifications of the external auditors, their performance, and their independence.
- Recommending the appointment of the internal auditor and the regulatory controller in addition to the periodic review of their duties and responsibilities.
- The company's commitment to the legal and regulatory requirements such as the controls and procedures of the company's disclosure policy.
- The company's commitment to the controls of the policies and procedures determined in the company.
- **The data of members' attendance and meeting dates as illustrated in the table below:**

Name	Number of meetings						The Seventh meeting 25/10/2020 AD	The Eighth meeting 01/11/2020 AD	The Ninth meeting 20/12/2020 AD
	The first meeting 05/03/2020 AD	The Second meeting 18/04/2020 AD	The Third meeting 08/06/2020 AD	The Fourth meeting 27/07/2020 AD	The Fifth meeting 09/08/2020 AD	The Sixth meeting 20/08/2020 AD			
Abdullah Al-Harbi	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Nabil Nassif	Attended	Didn't Attend	Attended	Attended	Attended	Attended	Attended	Didn't Attend	Attended
Dr/ Massum Billah	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Abdullah Al-Shibily	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended

Auditing Committee:

- **The Remuneration Nomination Committee:**

The Nomination and Remuneration Committee consists of 3 members of the board of directors which are as follows:

1. Mr. Fawaz Al-Sharabi	Chairman of the Committee
2. Dr. Abdul Latif Al Al-Sheikh	Member of the committee
3. Mr. Nayef Al-Tamimi,	Member of the committee

The committee held three meetings during 2020 AD executing the following tasks and responsibilities:

- Submitting the specific recommendations regarding those who are nominated for the membership of the board of directors to be submitted to the general assembly and those who are nominated for the senior executive management positions such as the chief executive officer and his deputies.
- Preparing clear procedures and policies for the purpose of developing remunerations policy of the board of directors
- Informing the board of directors of the annual review of the performance of the board, and submitting its recommendations to the board regarding candidates for membership of the board committees for their appointment.
- Recommendation to the board of directors to approve the policy and plans of annual compensation and rewards, and incentive plans to attract, maintain, and motivate the outstanding employees.
- Evaluating the skills and experiences of the members of the board of directors and senior executive management along with making recommendations with regard to the necessary training programs according to the evaluation results.
- Developing social responsibility programs and following up on their implementation in cooperation with the executive management.
- Ensuring that the company continuously complies with the requirements of company's governance, and then submitting them to the board of directors.
- **Data of members' attendance and meeting dates as indicated in the table below:**

Name	Number of meetings		
	The first meeting 01/01/2020 AD	The Second meeting 08/09/2020 AD	The Third meeting 18/10/2020 AD
Mr. Fawaz Al-Sharabi	Attended	Attended	Attended
Dr. Abdul Latif Mohammed Al Sheikh	Attended	Attended	Attended
Mr. Tariq Al-Rumim	Attended	Attended	Attended
Mr. Nayef Abdul Aziz Al-Tamimi	Didn't Attended	Attended	Attended

Mr. Tariq Abdullah Al-Rumim submitted his resignation from the committee's membership on 19/10/2020 AD. The resignation was approved and held effective on 20/10/2020 AD.

• **Investment Committee:**

The Investment Committee consists of three members, namely: Mr Nouf Saud Al-Haqbani, Mr Hisham bin Mohammed Al-Sherif, and Mr / Abdullah Abdul-Rahman Al-Rabdi. It deals with the company's entire investment file. The committee has all the powers in this respect in addition to its entitlement to appoint any experts regarding the investment file. The committee held seven meetings during 2020. The board of directors of the United Cooperative Insurance Group ACIG, held on 29/10/2020 AD, decided to appoint Mr. Abdullah Abdul Rahman Al-Rabdi as a member of the Investment Committee.

- **Data of members' attendance and meeting dates as indicated in the table below:**

Name	Number of meetings						
	The first meeting 26/02/2020 AD	The Second meeting 08/03/2020 AD	The Third meeting 10/03/2020 AD	The Fourth meeting 31/03/2020 AD	The Fifth meeting 02/04/2020 AD	The Sixth meeting 09/07/2020 AD	The Seventh meeting 17/09/2020 AD
Mr / Thamer Abdullah bin Rayes	Attended	Attended	Attended	Attended	Attended	Attended	Resigned
Mr. Tariq AlRumim	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Hisham AlSharif	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Nouf AlHaqbani	Attended	Attended	Attended	Attended	Attended	Attended	Attended

Engineer Thamer bin Abdullah bin Rayes submitted his resignation from the committee on 7/9/2020 AD. The resignation was accepted and held effective on the same day of its submittal. In addition, Mr. Tariq Abdullah Al-Rumim submitted his resignation from the committee's membership on 19/10/2020 AD. The resignation was accepted and became effective on October 20/10/2020 AD.

- **Risk Management Committee:**

The Risk Management Committee consists of three members: Mr. Hussam Talal Ghazzawi (Chairman of the Committee), and the membership of Mr. Hisham bin Mohammed Al-Sherif, and Dr. Youssef Basoudan, The committee is concerned with dealing with the risks of the company, adopting a comprehensive risk management strategy due to of market conditions and the available experience in handling the correlative risks that the company may be exposed to in addition to conducting periodic reviews and updates on the risk management strategy by paying attention to the inner and outer variables of the company. The committee held 3 meetings during 2020 AD.

- **The data of members 'attendance and meeting dates are as set in the table below:**

SN		The first meeting 17/03/2020 AD	The Second meeting 16/08/2020 AD	The Third meeting 30/11/2020 AD
1	Mr. Hussam AlGhazzawi	Attended	Attended	Attended
2	Mr. Hisham AlSharif	Attended	Attended	Attended
3	Dr.. Youssef Basoudan	Attended	Attended	Attended

11- The General Assembly:

During 2020, a meeting of one ordinary general assembly and one meetings of extraordinary general assembly were held as follows:

The ordinary general assembly meeting of the company was held during the six months following the end of the financial year in accordance with the articles of association of the company. The general assembly, held on 9/6/2020 AD, approved the following decisions:

1. Approving the board of directors' report for the financial year that ended on 31/12/2019 AD.
2. Approving the financial statements for the financial year that ended on 31/12/2019 AD.
3. Approving the company's auditors' report for the financial year that ended on 31/12/2019 AD.
4. The approval of the works and contracts that will be concluded between the company and Zuhair Qasim & partner for consulting Co. (Abyat) in which the member of the board of directors, Eng. Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to two thousand riyals without preferential terms.

5. Approving the works and contracts that will be concluded between the company and the Saudi Vogue Elevators and Escalators Company, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to one thousand riyals without preferential terms.
6. Approving the works and contracts that will be concluded between the company and the Saudi Vogue Elevators and Escalators Company, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to one hundred and eleven thousand riyals without preferential terms.
7. Approving the works and contracts that will be concluded between the company and Mayar Holding Company, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to eighteen thousand riyals without preferential terms.
8. Approving the works and contracts that will be concluded between the company and Taya Agricultural Feed Factory in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to forty four thousand riyals without preferential terms.
9. Approving the works and contracts that will be concluded between the company and Taya Real State Co. in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to fifty four thousand riyals without preferential terms.
10. Approving the works and contracts that will be concluded between the company and Taya Holding Co. in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to twenty seven thousand riyals without preferential terms.
11. Approving the works and contracts that will be concluded between the company and AL Amah Company for Real Estate Investment works in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to five thousand riyals without preferential terms.
12. Approving the works and contracts that will be concluded between the company and Al-Hoda Charitable Establishment in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to four thousand riyals without preferential terms.
13. Approving the works and contracts that will be concluded between the company and the Saudi Wings Travel and Tourism Company in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to one thousand riyals without preferential terms.
14. Approving the works and contracts that will be concluded between the company and Taya Agricultural Company in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to one hundred and forty five thousand riyals without preferential terms.
15. Approving the works and contracts that will be concluded between the company and the Saudi Company for the Drip Irrigation System in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to one hundred and thirty three thousand riyals without preferential terms.
16. Approving the works and contracts that will be concluded between the company and the Red Sea Shipping Services Company, in which a member of the Board of Directors, Eng. / Mohammed Hani bin Abdul Qadir al-Bakri, has a direct interest. They are insurance policies. The total subscribed premiums during 2019 amounted to seventy two thousand riyals without preferential terms.

17. Approving the works and contracts that will be concluded between the company and the Arabian Gulf Maintenance and Contracting Company in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to twenty four thousand riyals without preferential terms.
18. Approving the works and contracts that will be concluded between the company and Eng. / Abdullah bin Rayes, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to fifteen thousand riyals without preferential terms.
19. Approving the works and contracts that will be concluded between the company and the International Sea Company, in which a member of the Board of Directors, Eng. / Mohammed Hani bin Abdul Qadir al-Bakri, has a direct interest. They are insurance policies. The total subscribed premiums during 2019 amounted to twenty four thousand riyals without preferential terms.
20. Approving the works and contracts that will be concluded between the company and Adamah Utilities Company for Operation and Maintenance, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to two thousand riyals without preferential terms.
21. Approving the works and contracts that will be concluded between the company and Nama Real Estate Company, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to nineteen thousand riyals without preferential terms.
22. Approving the works and contracts that will be concluded between the company and Vali & partner for real estate appraisal and evaluation, in which the member of the board of directors, Eng. / Thamer bin Abdullah bin Rayes, has a direct interest in it. They are insurance policies. The total subscribed premiums during 2019 amounted to one thousand riyals without preferential terms.
23. Approving the works and contracts that will be concluded between the company and the Elevators Solutions Company for Operation and Maintenance, in which the Board Member Engineer / Thamer bin Abdullah bin Rayes has a direct interest. They are insurance policies. The total subscribed premiums during 2019 amounted to fifty three thousand riyals, without preferential terms.
24. The approval of the works and contracts that will be concluded between the company and the engineer / Thamer bin Abdullah bin Rayes (member of the board of directors), in which he has a direct interest in them, which are insurance documents. The total subscribed premiums during 2019 amounted to four thousand riyals without preferential terms.
25. Approving the works and contracts that will be concluded between the company and Dr. / Abdullatif bin Mohammed Al Al-Sheikh (member of the board of directors), in which he has a direct interest in them which are insurance documents. The total subscribed premiums during the 2019 amounted to five hundred riyals without preferential terms.
26. Approving the works and contracts that will be concluded between the company and Mr. Hisham Mohammed Abdullah Al-Sherif (member of the board of directors) and his family, which he has a direct interest in which are insurance documents. The total subscribed premiums during 2019 amounted to thirty thousand riyals without preferential terms.
27. Approving the works and contracts that will be concluded between the company and Bidaya Najd Medical Corporation Company, in which a member of the board of directors, Mr Nouf Saud Al-Haqbani, has a direct interest. They are insurance policies. The total subscribed premiums during 2019 amounted to four thousand riyals without preferential terms.
28. Approval of the appointment of auditors of the company: Ibrahim Ahmed Al-Bassam & partners Company, chartered accountants, Al-Azm office, Al-Sudairy and Al-Sheikh& partners, accountants and legal auditors, in order to examine, review and audit the financial statements of the second, third, fourth quarters and annual statements of the fiscal year 2020 AD and the first quarter of the fiscal year 2021 and determine their fees.
29. Approving disbursing an amount of 1,170,000 riyals as a reward to the members of the board of

directors for the fiscal year that ended on 31/12/2019 AD.

30. The approval of absolving the members of the board of directors from liability for the fiscal year that ended on 31/12/2019 AD.
31. Approving the amendment of the Company's Governance Regulations.
32. Approving the board of directors' decision to appoint Mr. Adel Mohammed Jamjoom (non-executive member) in the board of directors starting from the date of his appointment on 17/03/2020 AD to complete the board's session until the end of the current session on 17/5/2022 AD to succeed the previous member, Ms. Zain Iyad Imam (Non-Executive Member)
33. Approving the board of directors' decision to appoint Mr. Abdullah Abdul Rahman Al-Rabdi (Independent Member) in the board of directors starting from the date of his appointment on 17/3/2020 AD to complete the board's session until the end of the current session on 17/5/2022 AD to succeed the previous member Mr. Ziyad Al Labaan (Independent Member)

The extraordinary general assembly meeting of the company was held. The general assembly held on 26/8/2020 AD approved the following decisions:

1. Approving the recommendation of the company's board of directors to reduce the company's capital to become as follows:
 - A. A- The company's capital before the reduction is 200,000,000 Saudi riyal. The capital after the reduction is 141,000,000, at a reduction rate of 29.50% of the company's capital.
 - B. The number of shares before the reduction is 20,000,000 shares. The number of shares after the reduction is 14,100,000 shares.
 - C. The reason for capital reduction: The amortization of accumulated losses of 59,000,000 Saudi riyals.
 - D. Capital reduction method: Canceling 5,900,000 shares of the company's shares, (1) share will be reduced for each (3, 3898) shares.
 - E. The impact of capital reduction on the company's liabilities: There is no significant effect of reducing the company's capital on its financial liabilities.
 - F. Date of reduction: In the event that the company's shareholders agree in the extraordinary general assembly meeting to reduce the capital, the reduction decision will be effective on all the shareholders of the company registered in the company's records at the Securities Depository Center (Deposit Center) at the end of the second trading day following the meeting of the extraordinary general assembly in which the capital is reduced.
 - G. Approving the amendment of article (8) of the articles of association of the company related to the capital to comply with the reduction of the capital.
2. Approving the amendment of article No. (3) of the company's articles of association related to the company's purposes.
3. Rejecting the amendment of article No. (12) of the company's articles of association relating to stock trading
4. Rejecting the amendment of article No. (15) of the company's articles of association regarding the management of the company
5. Approving the amendment of article No. (18) of the Company's Articles of Association and related to the Board's powers.
6. Approving the amendment of article No. (19) of the company's Articles of association regarding the remuneration of board members.
7. Approving the amendment of article No. (22) of the Company's Articles of Association regarding the quorum of the Board meeting.

8. Approving the amendment of article No. (30) of the company's articles of association regarding inviting associations.
9. Approving the amendment of article No. (43) of the company's articles of association relating to financial documents.
10. Rejecting the amendment of article No. (45) of the Company's Articles of Association relating to zakat and reserves.
11. Approval of the amendment of the Audit Committee's work regulations.

3-The company's articles of association and internal regulations include the following:

1. The right to receive a share of the profits to be distributed.
2. The right to obtain a share of the company's assets upon liquidation.
3. The right to attend general assemblies, participate in its deliberations and vote on its decisions.
4. The right to dispose the shares.
5. The right to monitor the activities of the board of directors and file a liability lawsuit against members of the board
6. The right to inquire and request information in a manner that does not harm the interests of the company and does not conflict with the financial market system and its implementing regulations.

12- Activities of shares, debt instruments, loans and any of its subsidiaries:

The authorized and issued capital of the company is 141 million Saudi riyals as of 31/12/2020. It consists of 14 100,000 shares, with a nominal value of 10 Saudi riyals per share. The group's shares are owned by the Islamic Development Bank by 20% and by the public by 80%. During the fiscal year that ended on 31/12/2020 AD, there were no debt instruments issued by the company, and there was no interest in the category of shares eligible to vote for any persons, and there was no interest.

The option rights and the subscription rights belong to members of the board of directors and senior executives or their family members in the shares of the company.

In addition, there are no debt instruments convertible into shares, any option rights, subscription right notes, or similar rights issued by the company or granted during the fiscal year ending on that date. Also, there is no transfer or subscription rights under debt instruments convertible into shares, option rights, or similar rights certificates issued or granted by the company 2020 AD. There is no refund, purchase or cancellation by the company for any refundable debt instruments.

Also, there are no arrangements or agreements whereby any of the shareholders waived any rights of profits. The company has no financial obligations to others, loans, any debt instruments, or equity-related activities. The board of directors declares that there are no loans on the company.

A description of any interest of the members of the board of directors and their spouses and minor children in the shares or debt instruments of the company or any of its subsidiaries:

SN	Name of who has the interest	The beginning of the year		End of the year		Net change	Percentage change
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		

1	Mr/ Nouf Saud Al-Haqbani	----	-----	12,480	-----	12,480	%100
2	Mr/ Hussam Talal Al-Ghazzawi	1,000	-----	705	-----	-295	%41-
3	Engineer/ Muhammad Hani Al-Bakri	----	----	----	----	----	----
4	Mr/ Hisham bin Mohammed Al-Sharif	2,000	-----	1,410	-----	590-	%41-
5	Mr/ Fawaz Muhammad Al-Sharabi	-----	-----	-----	-----	-----	-----
6	Dr. Abdul Latif Al Sheikh	1,000	-----	705	-----	295-	%41-
7	Mr/ Adel Mohamed Rashid Jamjoom	-----	-----	23	-----	23	%100
8	Professor / Abdullah Abdul Rahman Al-Rabdi	-----	-----	7,797	-----	7,797	%100
9	Khaled Suleiman Al-Jasser	-----	-----	28	-----	28	%100
10	Abdullah Saleh Al-Harbi	----	----	-----	-----	----	-----

There is no interest related to the senior executives and their spouses and minor children in the shares or debt instruments of the company or any of its subsidiary companies.

13- Zakat, statutory payments and loans: -

statement	2020		Brief description	Statement of reasons
	Repaid	Due until the end of the annual financial period and has not been paid		
The value in thousand riyals				
Zakat	1,941	2,319		
Tax	-	25		
Value added tax	44,440	5,413	December dues	To be paid in February 2021
The Public Institution for Social Security	4,278	347		To be paid in February 2021
Costs of visas and passports	673	-		
Labor office fees	564	-		
Supervision fees for the Saudi central Bank	2,615	693	2020 remaining receivables	To be paid in February 2021
Supervision fees for the Cooperative Health Insurance Board	1,213	382	Fourth quarter receivables 2020	To be paid in February 2021
Deliberation fees	260	-		
Fines	15	-		
Withholding tax	1,618	12		To be paid in February 2021

A violation of the Ministry of Human Resources and Social Responsibility of 10,000 riyals due to non-compliance with the implementation of the Ministry's regulations and decisions issued in the organization for exceptional circumstances

A violation of the Saudi Central Bank of 5000 riyals due to the company's failure to comply with the instructions of the Central Bank based on the precautionary measures set by the Ministry of Health regarding combating the Corona virus

14- Acknowledgments

Allied Cooperative Insurance Group announces that:

1. It has not got any subsidiary company.
2. It is not required to pay for any loans, whether they are payable on demand or otherwise, and the company did not pay any amounts for loans during the fiscal year.
3. There are no debt instruments convertible into shares, nor are there any option rights, subscription right memoranda, or similar rights issued or granted by the company during the fiscal year 2020.
4. There are no transfer or subscription rights under debt instruments convertible into shares, rights or options, rights certificates, or similar rights, or those that the company issued or granted during the fiscal year 2020 AD.
5. The company has not redeemed, purchased or canceled any redeemable debt instruments, or any value of the remaining securities.
6. There is no personal interest in a class of eligible shares.
7. There are no option or subscription rights in which the issuer is a party belonging to members of the issuer's board of directors and senior executives and their spouses and minor children.
8. There is no arrangement or agreement under which one of the issuer's shareholders waived any rights regarding profits.
9. There are no investments or other reserves established for the benefit of the source employees.
10. There are no waivers of salaries or compensation.

15- The number of company requests for shareholders 'register, dates and reasons for those requests:

The number of company requests for shareholder register	Date of application	Reasons for the request
1	08 April 2020	Other
2	06 July 2020	Ordinary General Assembly
3	10 August 2020	Other
4	24 August 2020	Extra ordinary General Assembly
5	23 October 2020	Other
6	26 October 2020	Other
7	06 December 2020	Other
8	27 December 2020	Other

16- External Auditors and international standards for financial reports:

The ordinary general assembly, held on 09/06/2020 AD, approved the appointment of auditors of the company: Ibrahim Ahmed Al-Bassam & partners Company, chartered accountants, Al-Azm , Al-Sudairy and Al-Sheikh & partners, accountants and legal auditors to examine, review and audit

the financial statements of the annual, second, third, fourth quarters of the fiscal year 2020 AD and the first quarter of the fiscal year 2021 AD, and determine their fees.

The auditors issued their report with an unmodified opinion according to the following text:

We have reviewed the financial statements of the United Cooperative Insurance Group (ACIG) (a Saudi Joint Stock Company) (the "Company"), which include the statement of financial position as of 31/12/2020 AD, statements of income, other comprehensive income, changes in equity and cash flows for the year that ended on that date, a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly, in all material aspects, the financial position of the company as on 31/12/2020 AD, its financial performance and its cash flows for the year that ended on that date, in accordance with the international financial reporting standards adopted in the Kingdom of Saudi Arabia, and other standards and publications approved by the Saudi Authority of certified Public Accountants.

The company acknowledges that:

- A.** The account records were prepared correctly.
- B.** The internal control system was prepared on a sound basis and was effectively implemented.
- C.** There is no doubt about the issuer's ability to continue its activity

17- Effectiveness and efficiency of internal control procedures:

The scope of the internal audit department includes examining and evaluating the efficiency and effectiveness of the company's internal control systems during 2020 AD. The auditing were carried out according to a methodology that depends on identifying risks, assessing internal control systems, identifying weaknesses and evaluating them, and updating the procedures followed, in accordance with the standards followed and according to the internal audit department's regulations approved by the audit committee and the board of directors.

The internal audit department submits its quarterly reports to the audit committee emanating from the board of directors. These reports are based on the audit plan that is demonstrated at the beginning of each financial year by the internal auditing department with the approval and supervision of the auditing committee.

The reports will be sent in its final capacity to the auditing committee with a copy to the executive administration and the concerned departments. The audit committee discusses these reports in its quarterly meetings to approve them or recommend appropriate measures to be taken to address any observations.

The internal audit department also makes sure that the various departments apply the internal regulations of the company and has directed some departments that did not follow some written procedures to follow these procedures.

The internal audit department drew the attention of some departments that did not implement the requirements of the regulations and circulars of the Saudi Arabian Monetary Agency and the Health Insurance Council.

The executive administrations did not exceed the total general expenditures according to the approved estimated budget for the fiscal year ending on 31/12/2020.

The mechanisms of issuing medical insurance policies for small and medium groups have been revised and amended.

The addition of some documents required for subscription departments was reviewed before issuing the documents.

It was ensured that the instructions for the surplus distribution policy for the year 2019 were applied and the value had been paid to some customers upon their request. The value of the surplus was not deducted from the installment due upon renewal.

A special system for the company has been created to ensure that the persons that the company deals with are not listed on the money laundering and terrorist financing lists.

Ensuring that the technical departments follow the actuarial instructions and SAMA regulations and circulars.

The company, during 2020, completed an inventory of all fixed assets and placed a barcode on each asset, but the value of the asset has not been written in the fixed assets program yet.

The company has implemented remote work procedures due to the precautionary measures to combat the Corona pandemic.

The company implemented the procedures of distancing inside the main office and the company's branches after returning to the company's headquarters.

In general, ensuring that the company follows the instructions of the Ministry of Commerce and the instructions of the Capital Market Authority, the General Organization for Social Insurance, and other government agencies. According to the foregoing, the auditing committee believes that the internal control system applied by the company was prepared on sound bases and was implemented efficiently and effectively by ensuring the reliability of the financial reports and in compliance with the applicable regulations. The internal control system seeks to provide assurance that the means of control and monitoring within the company are appropriate to reduce risks.

18- Details of the company's social contributions

Community Initiatives in 2020:

- Sama and Najm's awareness campaign entitled (# Their lives do not stop it) - January 2020
- Awareness campaign (# Corona prevention) - March, April 2020
- Awareness Campaign (# We Are All Responsible) - March, April 2020
- Campaign during the blessed month of Ramadan (# Fasting Seha) - April, May 2020
- Awareness campaign (# Be at home) - April, May 2020
- Sama, Traffic and Najm Awareness Campaign entitled (# Security of Peace) - June, July, August 2020
- Awareness campaign (# We return with caution) - May, June 2020
- Awareness campaign (Corona Virus Scan (Covid-19) June 2020
- Awareness Campaign (Automated Monitoring - No Insurance) July, August 2020

- Awareness campaign (for those not licensed to practice the insurance profession) July, August 2020
- A campaign about the merits of the month of Dhu al-Hijjah July 2020
- SAMA (Legal Entity Identifier) awareness campaign (# To Know You) - September, October, November 2020
- Rainy driving awareness - November 2020
- Awareness campaign for World Breast Cancer Day - October 2020.

The company has trained the students. Five students have been trained during this year as follows:

Training						
SN		university	Specialization	Certificate	Training section	Supervisor
1	Badr bin Khalid Al-Shuwayaer	King Saud University	Science in actuarial mathematics and finance	Bachelor	Cars subscription	Hashem Al-Shehri
2	Iyad bin Abdulaziz Al-Luhaidan	King Saud University	Science in actuarial mathematics and finance	Bachelor	Cars subscription	Hashem Al-Shehri
3	Rahaf Bint Aoun Abu Qarnain	Princess Noura University	Business administration	Bachelor	Human resources	Mohammed Al-Abdulkarim
4	Muhannad Fahd bin Khalid	Mohammed Bin Saud Islamic University	Insurance and risk management	Bachelor	Technical management	Muhammad al-Qadi
5	Moaz Fahad Al-Dariwish	King Saud University		Bachelor	Technical management	Muhammad al-Qadi

19- Dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors attending these assemblies

Name	Ordinary general assembly meeting 9/6/ 2020 AD	The extraordinary general assembly meeting 26/8/2020 AD
M / Thamer Abdullah bin Rayes	Attended	Attended
Mr. Hisham Mohammed Al-Sharif	Attended	Attended
Mr. Nouf Saud Al-Haqbani	Attended	Attended
M / Muhammad Hani Al-Bakri	Absent	Absent
Mr. Hussam Talal Ghazzawi	Attended	Attended
M / Tariq Abdullah Hussein Al-Rumim	Attended	Attended
Dr. / Abdul Latif bin Mohammed Al Sheikh	Attended	Attended
Mr. Fawaz Muhammad Al-Sharabi	Attended	Attended
Mr. Adel Mohamed Jamjoom	Attended	Attended
A / Abdullah Abdul Rahman Al-Rabdi	Attended	Attended
Mr. Khaled Suleiman Al-Jasser	He was not a board member on this date	He was not a board member on this date
Mr. / Abdullah Saleh Al-Harbi	He was not a board member on this date	He was not a board member on this date

20- The future risks:

There is no doubt that there are future risks that may affect the performance of companies operating in the insurance sector, including the impact of global reinsurers with the influences of

global markets which may lead to the failure to adhere to the terms of reinsurance agreements. Although the company does not contract except with reinsurers with a high financial evaluation, the change in the general policies of reinsurers is considered one of the future risks that may affect the company's performance. Also, among the potential risks: the lack of qualified human resources in the Saudi insurance sector which is what the company seeks to reduce through training and qualification programs in addition to other risks such as technology risk, liquidity risk, legal and regulatory risks, and competitive risks.

The company established a risk management department because of the great importance of this department and an effective role in maintaining the stability of the company and the access to the most appropriate means to identify and study the risks facing the company and then working to control them.

The risks that the company may face:

RISK MANAGEMENT

(a) Insurance

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

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

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 36% of total reinsurance assets at the reporting date.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 15% of shareholders' equity on a gross basis and 3% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Concentration of insurance risk

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

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire

and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

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



Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Claims are payable to Policyholders and third parties depending upon the terms of the contract as contained in policy terms and conditions. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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

Process used to decide on assumptions

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

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

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

Sensitivity analysis

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

A hypothetical 2% change in the claim ratio, net of reinsurance, would impact net underwriting income/ (loss) as follows;

Income from insurance operations		31 December 2020	31 December 2019
		SR'000	SR'000
Impact of change in claim ratio by - 2%			
Medical	(3,444)	9,462	
Motor	72,688	70,774	
General Accident	7,340	6,482	
Others	3,846	2,971	
		80,430	89,689
Impact of change in claim ratio by + 10%			
Medical	(14,677)	4,744	
Motor	31,852	57,222	
General Accident	6,200	6,122	
Others	3,604	2,919	
		26,980	71,007

(a) Reinsurance risk

In order to limit the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsuring its exposures.

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

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors. The criteria may be summarized as follow

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

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors before approving them for exchange of reinsurance business. As at 31 December 2019 and 2018, there is no significant concentration of reinsurance balances.

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

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Board Investment Committee and Risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders and shareholders which are in line with their expectations.
- The Company stipulates diversification benchmarks by type of instrument and geographical area, as the Company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.
- There is strict control over hedging activities (e.g., equity derivatives are only permitted to be held to facilitate portfolio management or to reduce investment risk).

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are principally in Saudi Arabian Riyals. So that the foreign currency risk is not significant.

Commission Rate Risk

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The Commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments.

An increase or decrease of 50 basis points in interest yields would result in a change in the income for the year of SAR 1.1 million (2019: SAR 1.1 million).

The commission bearing investments of the Company and their maturities as at December 31, 2020 and 2019 are as follows:

	Less than 1 year SR'000	More than 1 year SR'000	Total SR'000
Insurance Operations			
2020	119,331	-	119,331
2019	138,920	-	138,920
Shareholders Operations			
2020	61,050	20,000	81,050
2019	55,663	25,000	80,663

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's investments amounting to SAR 27.3 million (2019: SAR 24.2 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on Company's profit would be as follows:

Fair value change SR'000	Effect on Company's profit SR'000
31 December 2020 + / - 10%	+/- 2,734
31 December 2019 + / - 10%	+/- 2,420

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2020 and 2019. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

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

	2020	2019
	SR'000	SR'000
<u>ASSETS - INSURANCE OPERATIONS</u>		
Cash and cash equivalents	53,559	65,320
Premiums and reinsurers' receivable – net	98,638	88,140
Reinsurers' share of outstanding claims	11,908	9,718
Reinsurers' share of claims incurred but not reported	8,020	6,597
Prepayments and other receivables	60,076	46,270
Total	<u>232,201</u>	<u>216,045</u>
	2020	2019
	SR'000	SR'000
<u>ASSETS - SHAREHOLDERS' OPERATIONS</u>		
Cash and cash equivalents	14,201	12,159
Available-for-sale investments	49,259	51,106
Total	<u>63,460</u>	<u>63,265</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. Approximately 100% (2019: approximately 100%) of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk exposure

2020	2019	2020	2019	2020	2019
SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Investment grade		Non-investment grade		Unrated	

Investments:

- Available for sale

Debt instruments	-	-	20,000	25,000	-	-
Equities	11,177	11,256	-	-	-	-
Other	16,159	12,927	-	-	1,923	1,923
premium and reinsurance						
Policyholders'	-	-	-	-	93,309	83,154
Due from a related party	-	-	-	-	1,985	1,760
Reinsurance receivables	-	-	-	-	5,329	4,986
Total	27,336	24,183	20,000	25,000	102,546	91,823

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Deposits are expected to be matured within 6 months from the date of placement.
 - Cash and bank balances are available on demand.
 - Reinsurers share of outstanding claims majorly pertain to property and casualty segment and are generally realized within 6 to 12 months based on settlement of balances with reinsurers.
- The liabilities with maturity less than one year are expected to settle as follows:
- Reinsurers' balances payable are settled on a quarterly basis as per terms of reinsurance agreements.
 - As per the Regulation, all insurance claims need to be settled within the time limits specified in this regard. Majority of gross outstanding claims are expected to be settled within the time limits set in this regard subject to meeting all the documentation requirements. Property and casualty policies due to the inherent nature are generally settled within 45 days from the date of receipt of loss adjustor report
 - The claims payable, accrued expenses and other liabilities are expected to settle within a period of 1-3 months from the period end date.
 - Surplus distribution payable is to be settled within 6 months of annual general meeting in which financial statements are approved.

(e) Operational Risk

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

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

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

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

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

21- A description of any transaction between the company and a related party

Related party	Name of a member of the Board of Directors	Type of deal	Its duration	The value (thousands of Saudi riyals)
Al-Bakri Companies Group	Eng. Muhammad Hani Al-Bakri	Fidelity insurance, cash and car insurance	One Year	69
Rees Companies Group	Eng. Thamer Abdullah bin Rayes	Insurance on property, cars and medical insurance	One Year	241
The family of Mr. Hisham Al-Sherif	Mr. Hisham Al-Sharif	Car insurance	One Year	50

22- Information related to any works or contracts in which the company is a party or in which there is an interest of a member of the board of directors or a senior executive

The nature of work or contract	The amount of work or contract thousands of Saudi riyals	Duration of work or contract	Conditions of work or contract	Name of the member / senior executive
car insurance documents	5	One Year	Insurance according to the followed regulations	Mr. Hisham Al-Sharif
car insurance documents	6	One Year	Insurance according to the followed regulations	Mr. Adel Jamjoom
car insurance documents	1	One Year	Insurance according to the followed regulations	Mr. Khaled Al-Jasser
car insurance documents	1	One Year	Insurance according to	Dr. / Abdul Latif

			the followed regulations	Al Sheikh
car insurance documents	8	One Year	Insurance according to the followed regulations	Mr. Abdulaziz Al-Anezi
car insurance documents	2	One Year	Insurance according to the followed regulations	Mr. Saqoul Hamid
car insurance documents	1	One Year	Insurance according to the followed regulations	Mr. Muhammad Al-Qadi
car insurance documents	9	One Year	Insurance according to the followed regulations	Mr. The age of the dish
car insurance documents	4	One Year	Insurance according to the followed regulations	Mr. Hassan Al Hazmi

23- Investments:

The company invests its funds deposited in local banks in low-risk murabaha programs in accordance with the provisions of Islamic law in addition to investing in deeds and investing in listed securities and units in a local real estate fund available for sale. Acig also owns shares in Najm Insurance Services Company (a closed joint stock company) in which it owns 3.85% of the company's shares. The value of the nominal investment in the company's books is 1,923,000 Saudi riyals. Therefore, it has started its activities to engage in vehicle claims settlements as follows:

1. **AVAILABLE-FOR-SALE INVESTMENT**

All available-for-sale investments are in shareholders' operations

Investments of the shareholders' operations comprise the following:

	31 December 2020	31 December 2019
	SR'000	SR'000
Available-for-sale investments	<u>49,259</u>	<u>51,106</u>

a) Investment securities are classified as follows:

	<u>Domestic</u>		<u>Total</u>	
	2020	2019	2020	2019
	SR'000	SR'000	SR'000	SR'000
Investment in sukuk	20,000	25,000	20,000	25,000
Quoted securities	11,177	11,256	11,177	11,256
Unquoted securities	1,923	1,923	1,923	1,923
Units in quoted local real estate fund	16,159	12,927	16,159	12,927
Total	<u>49,259</u>	<u>51,106</u>	<u>49,259</u>	<u>51,106</u>

Movements in available-for-sale investments are as follows:

	Investment in sukuk	Quoted securities	Unquoted Securities	Units in quoted local real estate fund	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
As at 1 January 2020	25,000	11,256	1,923	12,927	51,106
Disposals	(5,000)	-	-	-	(5,000)
Changes in fair value of investments	-	(79)	-	3,232	3,153
As at 31 December 2020	<u>20,000</u>	<u>11,177</u>	<u>1,923</u>	<u>16,159</u>	<u>49,259</u>

	Investment in sukuks	Quoted securities	Unquoted Securities	Units in quoted local real estate fund	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
As at 1 January 2019	25,000	20,712	1,923	10,099	57,734
Purchases	-	10,218	-	-	10,218
Disposals	-	(21,578)	-	-	(21,578)

Changes in fair value of investments	-	1,904	-	2,828	4,732
As at 31 December 2019	<u>25,000</u>	<u>11,256</u>	<u>1,923</u>	<u>12,927</u>	<u>51,106</u>

2. TERM DEPOSITS

	31 December 2020	31 December 2019
	SR'000	SR'000
Insurance Operations		
Term deposits	<u>119,331</u>	<u>138,920</u>
Shareholders' Operations		
Term deposits	<u>-</u> 55,663	
	<u>-</u> 194,583	

The term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of 2.67% per annum as at 31 December 2020 (31 December 2019: 3.11%)

Thus, the Board of Directors report on the company's works of 2020 ends, asking Allah Almighty to grant success.