

2021

UNITED COOPERATIVE ASSURANCE

BOARD OF DIRECTORS ANNUAL REPORT

Board of Directors' Report for the Year 2021

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Board of Directors' Report for the Year 2021

Board Chair's Statement /Introduction

The Board of Directors of the United Cooperative Assurance Company would like to take the opportunity to present to the shareholders its annual report accompanied by the audited financial statements and notes for the fiscal year ending on December 31, 2021. This report includes the results of insurance operations and shareholder accounts with comparison to results of the previous year ending on December 31, 2020, as well as the most important developments during 2021. It also includes all required disclosures pursuant to applicable cooperative insurance regulations and laws, registration and listing rules, and corporate governance regulation issued by the Capital Market Authority and the regulatory authorities to enable shareholders to clearly and correctly evaluate the company's assets, liabilities and financial position.

Company Profile

- United Cooperative Assurance (UCA) is a cooperative insurance company with over 40 years of experience, listed on Tadawul since May 2008 with a paid-up capital of SAR 200 million. The company started underwriting insurance business on 1st January 2009 after it entered into an agreement to purchase the insurance portfolio and net assets and liabilities of UCA Insurance, Bahrain, in the Kingdom of Saudi Arabia after the approval of the Ordinary General Assembly of the shareholders of the company and the final approval of SAMA in accordance with its letter No. 2361 date 21/12/1431 on the purchase of the portfolio and the numbers of transferred assets and liabilities. The balance of the final commercial goodwill value was paid to the company in 2012, amounting to 78.4 million Saudi Riyals.
- The United Cooperative Assurance Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under the Commercial Registration No. 4030179955 on 06/06/1429. It was established based on Council of Ministers' Resolution No. 94 dated 14/3/1428 and based on the Royal Decree No. M / 24 dated 15/3/1428 and its address is in Jeddah, Al-Khalidiya District, Prince Saud Al-Faisal Street (formerly Al-Rawdah) Al-Mukmal Tower (2), first and fourth floors, PO Box: 5019, Postal Code 21422.
- Company activity: According to Article 3 of the Company's Articles of Associations, the company's activity is to engage in cooperative insurance business and all that is related to these businesses. Also, the company has the right to do all the work that needs to be done to achieve its objectives, whether in the field of insurance or investing its money, and to own and move fixed and cash funds, or sell, replace, or lease them directly or through companies that establish or buy them, or in partnership with other parties. The Company may own or have an interest or participate in any way with the bodies that carry out activities similar to their business or financial business or that help them to achieve their objectives or to include them in or buy them, and the company undertakes all the works mentioned in this article, whether inside or outside the Kingdom.
- The company does not own any subsidiary companies in the Kingdom, nor does it own any branches or subsidiary companies outside the territory of the Kingdom, and therefore there are no shares or debt instruments issued to subsidiary companies.
- As an organization, UCA was founded in the 1970's and it was one of the top 3 insurers to attain their official license. UCA has a long-standing goodwill and reputation as an insurance company. Since its foundation, the company has appointed experienced staff with specialized technical capabilities to fulfill the immediate and future needs of their clients, having constantly anticipated the daily demand of new insurance coverage and claims services.

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The Company's Capital:

A. Establishment of the company with a capital of 200 million riyals

The Company was established on May 5, 2008, with a capital of 200 million Saudi riyals divided into 20 million shares, the value of each share is 10 Saudi riyals. The founders subscribed with a total of 12 million shares and paid their value in cash, which represents 60% of the total shares of the company's capital. The remaining 8 million shares, at a value of 80 million riyals, for public subscription, and immediately after the subscription, the number of the company's shares was completed and became 20 million shares.

B. Increase the capital to 280 million riyals

It was approved by the Extraordinary General Assembly on 26/6/2013 to increase the company's capital of 200 million Saudi riyals by 80 million riyals, to become after the increase 280 million riyals, i.e. an increase of 40%, thus increasing the number of shares from 20 million shares to 28 million shares, by granting 2 free shares for every 5 shares, and the eligibility for the shareholders registered in the company's records at the end of trading on the day of the extraordinary general assembly meeting, provided that the increase is covered by a capitalization of 80 million riyals of the retained profits with the approval of the relevant authorities

C. Increase the capital to 490 million riyals

On 02/18/2015, the capital was increased by an increase of 75% from 280 million riyals to 490 million Saudi riyals through Preferred Shares, and the number of the preferred shares reached 21 million shares at the offering price of 10 riyals per share, with a total value of 210 million riyals. The eligibility for shareholders registered in the company's records was at the end of trading on the day of the extraordinary general assembly meeting, and the increase was made with the approval of the competent authorities. The company's goal of increasing the capital is to enhance the solvency margin and support the growth of the future activity of the company. Developments in the use of the proceeds from the increase in capital have been announced according to the Law.

D. Reducing the capital from 490 million riyals to 400 million riyals

The company announced the Board of Directors' recommendation to the Extraordinary General Assembly in its meeting held on 13/9/1438 corresponding to 06/08/2017 to reduce the company's capital from 490 million riyals divided into 49 million shares, so that the capital after the reduction becomes 400 million Saudi riyals divided into 40 million shares, meaning that 9 million shares will be reduced from the company's shares, and the reduction will be 18.37% of the capital by reducing 1 share for every 5.44 shares. The Company explained that the reason for the reduction is the restructuring of the company's capital in line with Article 150 of the Companies Law as well as the amortization of accumulated losses amounting to 90 million riyals (by canceling 9 million shares), which resulted mainly from the increase in the technical provisions. It also made clear that there is no substantial impact on the reduction of the company's capital on its financial obligations and that it is conditional on the approval of the official authorities and the extraordinary general assembly on the reduction.

The company then announced that it had received on Wednesday 10/11/1438 corresponding to 02/08/2017 the approval of SAMA to reduce its capital by (90) million riyals so that the company's capital after the reduction would be 400 million riyals. The company appointed BMG Group as a financial advisor to reduce the company's capital on Thursday 11/11/1438 corresponding to 3/8/2017

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The extraordinary general assembly held on Thursday 29/09/1439 corresponding to 07/06/2018 approved the proposed reduction of the capital from 490 million riyals to 400 million riyals, and the reduction was made on 10/6/2018, which corresponds to the end of the second trading day following the meeting of the extraordinary assembly in which the capital and the number of shares has been reduced.

The fractions resulting from the capital reduction process were collected and sold on 26/6/2018. The number of shares sold reached 13,827 shares, and the revenue from the sale of fractional shares reached 193,871.90 riyals. The average selling price for each share of the sold shares was 14.02 riyals, and the sums returned from selling fractional shares were deposited in the accounts of eligible shareholders on Thursday 19/07/2018.

The company announced on 10/6/2018 that its accumulated losses decreased to 20% of its capital, as the value of its accumulated losses became 13.42 million Saudi riyals, or 3.35% of the company's capital of 400 million Saudi riyals. The main reason for the decrease in accumulated losses is the reduction of the capital. Company funds from 490 million Saudi riyals to 400 Saudi riyals.

The company applies an information system with a high degree of efficiency and performance that links the main center of the company with its spread branches, and the company develops this system from time to time to accommodate its plans permanently and continuously, and the company's management has focused on adopting it in daily transactions with various internal departments and external bodies on electronic transactions and reducing non-electronic transactions as much as possible.

Description Of the Company's Significant Plans and Decision Including Changes To The Structure, Expanding The Company's Operations Or Halting Them

Notwithstanding the losses during FY-2021, UCA's management has actively worked towards placing the Company amongst elite KSA insurers via focusing on the following five functional areas of business management:

- Corporate Strategy
- Sales and Marketing
- Finance
- Human Capital
- IT & Cyber Security

These efforts have directly resulted in implicit and explicit gains for the Company that have been summarized below.

Corporate Strategy

The organization strategy is based on the following pillars;

- Driving organic growth through
- Consolidating capabilities
- Digital transformation
- Financial restructuring

UCA's management has undertaken key strategic initiatives in line with the corporate strategy to ensure healthy market penetration and retention levels, while remaining in compliance with applicable regulatory requirements.

The initiatives were meticulously planned, with a forward-looking approach, to prepare the Company for eventual shift in KSA insurance industry's regulatory landscape. The resultant business mix witnessed during FY-

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2021 has been a deliberate product of meticulous planning towards ensuring the Company's long-term growth targets. Consequently, management has strengthened its future outlook by seeking to raise its capital.

The Company during FY-2021 announced its Board of Directors' recommendation to increase the share capital by offering right issue amounting to SAR 300 million.

Sales & Marketing

The Company has actively worked towards revitalizing its sales and marketing function during 2021. Following are the major initiatives that have been kick-started by the management, with a clear deliverables' plan and timeline, in support of its corporate strategy:

- Strengthening UCA's sales/service propositions, development of workflow standards and policies and procedures to ensure maximum persistency levels related to all current client base
- Strengthening UCA's product management/development capabilities with the aim of creating a slate of diversified insurance products in support of an organic growth and targeted persistency levels
- Identification, and promotion of, customer/channel segmentation initiatives and opportunity generation in line with standard principles of "hunting and farming"

Finance

The company's management has invested significant time and effort towards strengthening the finance division's capabilities by;

- Acquiring expert skill sets
- Defining comprehensive finance policies and procedures
- Investing in advanced finance platforms (ERP).

The result of these endeavors is apparent in the Company's financial performance where, negative operating cashflows have declined from a level of SAR 94.6M during FY-2020 to SAR 5.93M during FY-2021. This significant decline is a direct result of the Company's sound leadership during the very trying times of the Covid-19 pandemic.

Human Capital

The company's management continues to develop a progressive work environment as we serve a promising and vital sector. Today UCA welcomes and supports national youth energies in line with the vision 2030 of the Kingdom of Saudi Arabia. We further seek to empower women in society and raise the rate of Saudization, train national cadres, and qualify them for leadership positions, which in turn will constitute an important pillar for young talents in the Kingdom.

As a testament to our efforts on this front, UCA has been Certified from Great Place to Work Organization for 2021 and has been ranked #15 in 2021 Best Workplaces in KSA.

IT & Cyber Security

Aware of the opportunities and challenges posed by today's globalized economy, and to ensure the Company's sustainable contribution towards KSA's vision 2030, we have invested heavily in strengthening and securing our digital space.

As a trustee towards our stakeholders, UCA's digital well-being has formed the core of our corporate strategy. Accordingly, a battery of digital transformation projects was initiated in tandem with cyber security projects to ensure top notch client service and data privacy.

The Company's endeavors in IT & Cyber Security were recognized when, both, UCA's Chief Information Officer (CIO) and Chief Cyber Security Officer (CISO) won the prestigious CIO of the Year and CISO of the Year awards.

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Geographical Presence

Our geographical presence in the Kingdom of Saudi Arabia is shown here below:

Branch	Address
Head office in Jeddah	Prince Saud Al-Faisal Street (formerly Al-Rawdah), Al-Khalidiya District, Al-Mukmal Tower (2)
Riyadh Branch	King Fahd Street - Al-Morouj District - Riyadh - 12264 - Al-Saeedan Building
Khobar Branch	Al-Safa District - Dammam - 3576 - Eithar Tower
Khobar Branch "Claims Center"	Abu Hadriyah Street - King Fahd Suburb - Dammam - 9312 - Jawharat Al Maared Building

UCA's board approved digital transformation strategy has allowed the company to access online selling and move away from obsolete and outdated point of sales facilities thereby promoting greater market penetration and client access.

UCA management is studying the market in a comprehensive manner to spread through typical modern mixed sales points that provide a basket of services such as sales and claims and provide the beneficiary with the option of traditional or digital selling for several products according to its choice, after taking the necessary approvals from the supervisory authorities.

Looking ahead

UCA desire and determination to compete and be successful in a domain which serves our national industries and community as a whole.

UCA's vision is "To create the Kingdom's most innovative, professional and sustainable insurer"

Consequently, our Mission is clear...UCA will achieve its vision by focusing our strength and resources to;

- Create an environment which promotes the development of young Saudi insurance professionals at the core
- Develop leading edge agile platforms designed around our clients and their needs
- Strengthen our partnerships with our regulators, intermediaries, and world class reinsurers
- Embed sustainable and transparent business practices

The company seeks to better improve its competitive positioning by placing a strong focus on its service proposition and overall customer experience in addition to enhancing its targeting of preferred underwriting risks. Management also seeks to provide optimal technical prices in various productive sectors by taking into account the recommendations of the actuarial experts, and keen to employ technicians with experience and competence in the field of insurance and reinsurance to increase production and market share objectives.

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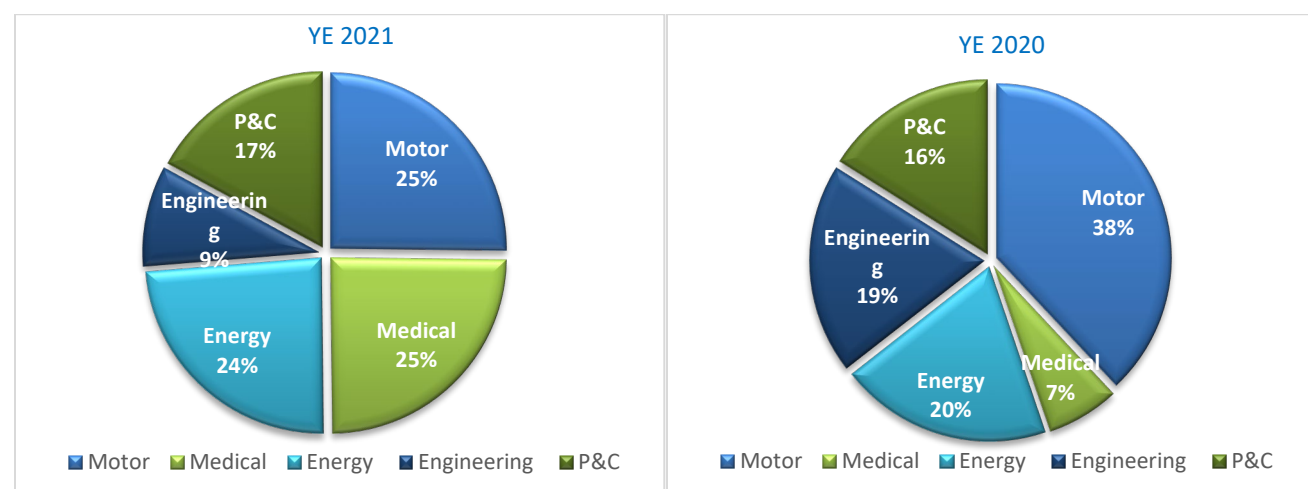
Financial Highlights

- Major Insurance Line of Business Portfolio Mix

The total Written premiums at the end of December 31, 2021 amounted to 409,756 thousand riyals in each of the following insurance branches (Motor, Engineering, Energy, Medical, P&C)

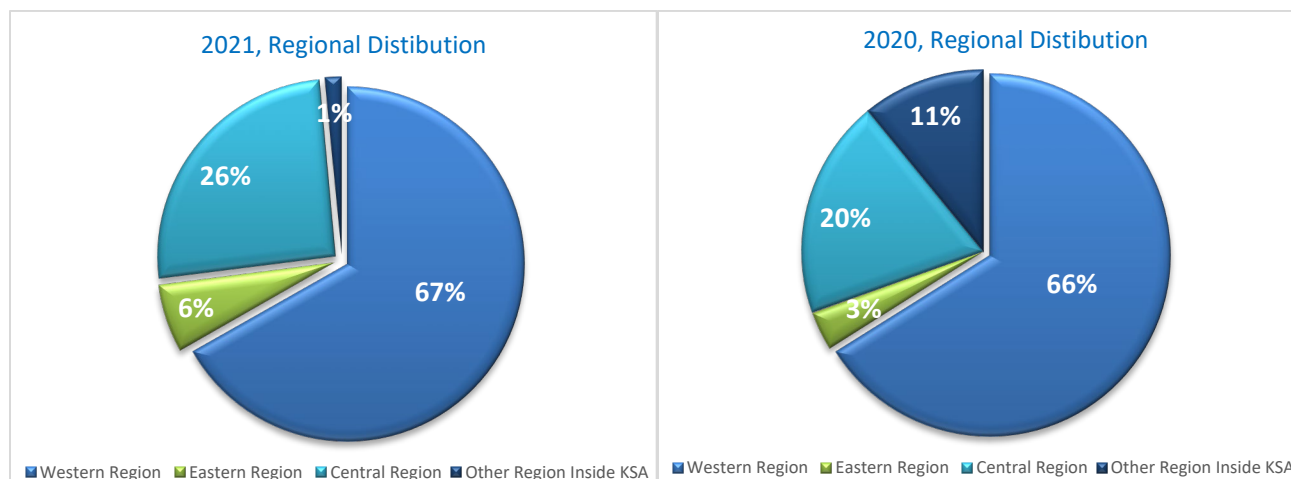
All figures are in (Thousands) Saudi Arabia, Riyals

Insurance line	2021's GWP	2020's GWP
Motor	103,182	234,595
Medical	100,968	41,509
Energy	97,922	121,539
Engineering	37,722	120,102
Property and Casualty Insurance	69,962	99,116
Total	409,756	616,861



2021, GWP Regional Distribution

The following chart depicts the regional contributions during the years ending on 31st of December 2021 & 31st of December 2020



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Geographical Distribution of Written Premiums During The Last Five Fiscal Years Ending on December 31 2021:

The company's activity is carried out in the Kingdom of Saudi Arabia only.

All figures are in (Thousands) Saudi Arabia, Riyals

Geographical sectors	2021	2020	2019	2018	2017
Western Region	273,760	407,671	370,955	317,388	470,313
Central Region	104,678	120,598	40,273	41,788	65,916
Eastern Region	25,363	21,228	6,632	10,951	14,597
Others - within the kingdom	5,955	67,364	2,432	21,841	29,739
Total	409,756	616,861	420,292	391,968	580,565

Financial Indicators

The financial results of the United Cooperative Insurance Company for the year ended 31/12/2021 compared to the results of the previous year ending 31/12/2020

1. The net loss before zakat and tax during the current year is 65,671 thousand riyals, compared to a net loss of 15,880 thousand riyals for the previous year.
2. The loss per share after zakat and tax during the current year amounted to 1.84 riyals, compared to a loss of 1.10 riyals for the previous year.
3. The insurance operations deficit less the policyholders' investment returns (operating results) during the current year amounted to 67,826 thousand riyals compared to a deficit of 27,533 thousand riyals for the previous year.
4. The GWP during the current year amounted to 409,756 thousand riyals, compared to 616,861 thousand riyals for the previous year, decrease of 34%. The net subscribed insurance premiums (NWP) during the current year amounted to 175,280 thousand riyals, compared to 200,107 thousand riyals for the previous year decrease of 12%.
5. The net claims incurred during the current year amounted to 182,436 thousand riyals, compared to 85,699 thousand riyals for the previous year, an increase of 113%.
6. The net investment profits of policyholders' investments during the current year amounted to 3,516 thousand riyals, compared to 4,409 thousand riyals for the previous year, a decrease of 20%. The net profit of investments of shareholders' funds during the current year amounted to 4,992 thousand riyals compared to a net profit of 10,219 thousand riyals for the previous year decrease of 51%.
7. The reasons for the increase in net loss before zakat & tax compared to the last year are due to the decrease in net underwriting results which is primarily driven by the increase in net claims incurred, in addition to a decrease in the total income of policyholders' and shareholders' investments.
8. The Loss Per Share is calculated based on Net Loss after Zakat and Income Tax. Zakat and Income Tax is 8 million Saudi riyals for the period ended 31-12-2021 (Twelve months). And 28 million Saudi riyals for the period ended 31-12-2020 (Twelve months). The LPS for the current year is SAR 1.84 versus LPS of SAR 1.10 for the previous year, which is calculated based on the weighted average number of ordinary shares outstanding for the year.
9. Total shareholders' equity (no minority rights) as of December 31, 2021, amounted to 250,115 thousand riyals compared with 332,939 thousand riyals as of December 31, 2020, with a decrease of 25%

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10. The total comprehensive loss for the year 2021 amounted to 82,823 thousand riyals, compared to the total comprehensive loss of 42,497 thousand riyals for the previous year 2020.
11. The accumulated losses for the period ended 31-12-2021 is SAR 149,752 thousand, which is 37.44% of the paid-up capital of SAR 400 million based on the Annual Financial Statements for the period ended on 31-12-2021. The primarily reason behind these losses is due to the increase in net claims incurred. Therefore, the company will apply the procedures and instructions for companies listed in the Saudi Capital Market whose accumulated losses are equal to or more than 35% and less than 50% of its share capital.

Statutory Reserve

As required by Saudi Arabian Insurance Regulations, 20% of the net income from shareholders' operations shall be set aside as a statutory reserve until this reserve amounts to 100% of share capital. As the Company has accumulated losses at year end, no transfer to statutory reserve has been made during the year. The reserve is not available for distribution to the shareholders until the liquidation of the Company.

As at 31 December 2021 and 31 December 2020, the authorised, subscribed and paid up share capital of the Company is SAR 400,000,000, divided into 40,000,000 shares of SAR 10 each.

The Company transferred the amount of statutory reserve amounting to SAR 32 million to the accumulated losses as approved by the General assembly meeting dated 18 August 2021.

Dividend Policy

The company's policy regarding the distribution of profits is based on Article (45) of the Company's Articles of Association, which states:

In the event that the company achieves profits:

1. Set aside of Zakat and established income tax.
2. Set aside (20%) of the net profits to form a statutory reserve. The Ordinary General Assembly may stop this deduction whenever the total reserve reaches 100% of the paid capital.
3. When determining the shares in the net profits, the Ordinary General Assembly 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. The company's annual net profits determined by the company shall be distributed after deducting all general expenses and other costs, and the necessary reserves shall be made to face doubtful debts, investments losses and emergency obligations that the board of directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by SAMA. The remainder of the profits shall be allocated after deducting the prescribed reserves under the relevant regulations and zakat at a rate of no less than 5% of the paid-up capital for distribution to shareholders in accordance with what the board of directors proposes and the general assembly decides. If the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, the shareholders may not demand payment of it in the following year or years. The General Assembly may not decide to distribute a percentage of the profits from what the Board of Directors has proposed

Entitlements to profits (article 46)

Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in

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the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement. The Company shall inform the Capital Market Authority without delay of any Resolutions to distribute profits or recommend it, and the profits to be distributed to the shareholders shall be paid at the place and time determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of SAMA.

Zakat, Income Tax, and Statutory Payments

Due and paid Statutory reserves

All figures are in (Thousands) Saudi Arabia, Riyals

Party	Description	2021	2020	2019	2018	2017
General Authority of Zakat and Tax	Cumulative reserve	14,846	21,750	28,936	22,488	23,708
Council of Cooperative Health Insurance	Subscription fee (paid)	766	494	399	889	711
Saudi Central Bank	Supervision and control fees (paid)	2,530	2,296	2,150	2,389	2,802
The Saudi Stock Exchange (Tadawul)	Subscription fee (paid)	432	315	315	315	300

Status of Zakat and Vat:

The Zakat is applicable on 99% of the shareholders while income tax on 1% of the shareholders. The Company has filed its zakat and income tax declarations for the years ended 31 December 2009 to 2020 and obtained restricted zakat and tax certificates.

Assessment years 2005, 2006, 2007 and 2008

During 2017, the Company received the zakat assessments for the years 2005 to 2008 from the ZATCA with regards to the insurance operations transferred from UCA Insurance Bahrain BSC claiming zakat liability amounting to SAR 6.01 million and withholding tax liability amounting to SAR 16.09 million. Management has filed an objection against the above assessments and is confident of receiving a favorable outcome. Further, the Company has issued a bank guarantee in favor of ZATCA amounting to SAR 22.09 million (2020: SAR 22.09 million) against such assessments (see note 17). Management is of the view that any additional liability as a result of these assessments will eventually be charged to the shareholders of the UCA Insurance Bahrain BSC.

Assessment years 2012 and 2013

During 2018, ZATCA had issued assessments for the years 2012 and 2013 claiming additional zakat and income tax liability amounting to SAR 15.84 million. The Company will escalate the case to the GSTC in order to assign a hearing session and will proceed for final settlement with the Dispute Resolution Committee and expect to settle about SAR 7.05 million.

Assessment years 2019 and 2020

During the year, ZATCA has issued a final assessment for the years 2019 and 2020, which resulted in additional Zakat liability for the year 2019 of SR 1.46 million and credit balance for the year 2020 of SAR 1.732 million due to refund of Zakat on certain items. The Company has filed an objection for the said years against the ZATCA's amendments and waiting for ZATCA discussion.

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VAT assessment

On 25 August 2020, the Company received an assessment from ZATCA to pay additional principal VAT of SAR 12.28 million for the years 2018 and 2019 as well as additional fines of SAR 20.25 million for those years. In order to avoid incurring additional fines the Company paid the principal VAT on 28 October 2020 without prejudice to its position and objected to the items issued for the evaluation. On 20 February 2021, the Company filed an appeal with the General Secretariat of Tax Committees (GSTC) against the decision of the ZATCA for which management is confident of a favorable outcome. The objected items are zero rated supplies, self-invoicing, and reinsurance commission.

The fines imposed on the assessments amounting to SAR 20.25 million for the years 2018 and 2019 were subsequently canceled as the Company has taken advantage of ZATCA's initiative to stabilize the economy and boost the private sector.

The Company has booked a provision against VAT on zero rated supplies. On other objected items, the Company's tax consultant is confident of a favorable outcome.

Risk Management

Current risks:

The company's risk management has adopted a comprehensive strategy to understand and manage the various types of risks resulting from its activities. It also plays its role in identifying and addressing current risks and developing a plan to address the expected risks and mitigate their impact.

Risk management aims to monitor the risks related to the company represented in financial and non-financial risks, including market risks, credit and counterparty risk, liquidity risks, interest rate risks and Human Resource risk, Information technical and Cybersecurity risk, Operational risks, Underwriting Risk (including pricing, actuarial, and product development), Claim Handling Risk, Compliance (Legal/Regulatory) Risk, reputation, and business continuity. The management also aims to ensure the extent of compliance with the laws and regulations in force through the following:

- Set, re-develop, revise and monitoring the UCA Risk Appetite and Statement Framework; that includes financial and non-financial Key Risk Indicators KRIs.
- Updating the UCA Register and Controls.
- Developing and Enhancing the Risk management policies, framework, and methodology.
- Increasing the Risk Management Culture Building and awareness.
- Submitting reports to the senior management regarding the general situation of risks in the various departments of the company that may affect its operational operations, in order to take the necessary actions and submit them to the supervisory authorities.
- Evaluating the capital requirements to ensure that the required solvency margin is achieved according to the statutory regulations. An annual report is prepared to review risk management and the company's financial position report and submitted to SAMA.
- Reviewing procedures and policies for combating fraud periodically to ensure compliance with the new regulations issued or any additions thereto.
- Reviewing the statement of financial position and cash flows with regard to liquidity in accordance with the asset liability management regulation.
- Commitment to operating standards for the various operating sectors of insurance.

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Anticipated future risks:

Anticipated future risks are the risks that have been identified and measures taken to prevent or limit the negative impact when it occurs.

Among the most prominent expected risks that insurance companies may face during their work are the following:

- **Risk of political wars and Contagious Disease Outbreak/Pandemic Risk:**

A pandemic/epidemic of infectious disease that has spread through human populations across a large region for six to ten weeks; this kind of risk may affect the company and led to other type of risk such as political or geographical wars; Pandemics can cause economic damage through multiple channels, including short-term fiscal shocks and longer-term negative shocks to economic growth. Successful contingency planning and response required in order to mitigate such risks... UCA have already updated their Business contingency plan and have done the BIA (Business Impact Analyses).

- **The risk of fraud and financial fraud crimes:**

Fraud is one of the most complex crimes in terms of all activities, and the occurrence of fraud results in material and moral damages at all levels. Therefore, the company is interested in developing plans and strategies to avoid this risk in coordination with all internal departments. A special unit for combating fraud and financial crime has been established to counter this threat...

- **Insurance risk:**

It is the risk related to actual claims owed to policyholders that may exceed the carrying amount of insurance liabilities. Due to the nature of the insurance contract, the estimates may differ from the related statistics. Therefore, the more similar insurance contracts are, the closer the expectations are to the actual loss rate. UCA prepared a Mitigation Action Plan to mitigate this risk by developing the IT core system, the Claims Handling system and enhance/streaming the claims management process.

- **Liquidity risk:**

Liquidity risk is the difficulty that the company may encounter in providing cash The funds required to meet its financial obligations, liquidity risk may arise from the inability to sell a financial asset within a short period at an amount close to its fair value, for this purpose the company's needs are monitored on a monthly basis. The management aims to ensure the availability of sufficient financial liquidity to meet any liabilities as soon as they arise, as all of the company's assets are current assets with the exception of furniture, office equipment, intangible assets, and statutory deposit as they are considered non-current in nature.

In addition, a large part of the company's funds are invested in short-term deposits with local banks to face liquidity crises in compliance with the applicable regulations issued by SAMA.

- **Legal risks:** They are the risks that arise through the legal liabilities of the company for insurance policy holders, such as cases that are filed against the company as a result of third-party claims.
- **Risks of compliance with regulatory requirements:** These are the risks related to the company's operations being subject to regulatory requirements in the Kingdom of Saudi Arabia. These regulations not only provide for approval and monitoring of activities, but also impose some restrictive provisions (such as capital adequacy) to reduce the risks of default and insolvency on the part of insurance companies in Fulfill unexpected obligations as they arise.

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- **Technical and Cyber-attack risks:** These are the risks that may expose the company to human errors, natural disasters, loss of energy, loss of data and customer privacy, or sabotage operations with high costs that negatively affect the financial results. It is worth mentioning that UCA has improved and established a well information technology system and an integrated framework for cyber-security.
- **Employee turnover risk:** It is the risks related to the movement of employees and workers in the company during a short period. This movement includes the entry or exit of human cadres to and from the company, which may negatively affect the overall productivity of the company.
- **Reinsurance risk:** It is the risk related to assigning part of the insurance company's obligations to reinsurance companies, in order to reduce the possibility of financial exposure resulting from a large number of claims or claims with high amounts. Therefore, one of the most important goals of reinsurance is to increase the insurance company's opportunity to diversify and expand in the field of business and its ability to grow, and to ensure the stability of underwriting results.

As insurance companies have agreements with reinsurance companies to protect them when losses exceed a certain limit, this agreement covers all individual and collective contracts issued by insurance operations in the Kingdom of Saudi Arabia, and to ensure the eligibility of the reinsurance company, insurance companies resort to assessing the financial position of reinsurers to avoid their exposure for large financial losses resulting from the insolvency of the reinsurance companies or their inability to fulfill their obligations.

Compliance With Corporate Governance

Disclosure according to the executive regulations:

The company is bound by the rules and regulations applicable in the Kingdom of Saudi Arabia, which include the following:

- Rules for registration and listing of the Market Behavior Regulations issued by the Capital Market Authority
- Regulations for the Cooperative Insurance Companies Control Law issued by the Central Bank of Saudi Arabia.
- The Regulation for Insurance Market Conduct issued by the Central Bank of Saudi Arabia.
- Anti-money laundering rules for insurance companies issued by the Central Bank of Saudi Arabia.
- Regulations for combating fraud in insurance companies issued by the Central Bank of Saudi Arabia.
- The executive regulations of the Cooperative Health Insurance Law issued by the Council of Cooperative Health Insurance.
- The unified document issued by the Cooperative Health Insurance Council.
- Rules for Zakat and Income Tax issued by the General Authority of Zakat and Tax.
- The requirements of the compulsory third-party liability insurance law arising from motor vehicle accidents.

According to Paragraph (22) of Article (27) of the Registration and Listing Rules, the company acknowledges that:

1. The account records have been properly prepared.
 2. The internal control system was prepared on a sound basis and was effectively implemented.
 3. There is no doubt about the company's ability to continue its activity.
- Governance system:

Board of Directors' Report for the Year 2021

The company has its own governance regulation that is updated and revised permanently, which sets the rules and standards that regulate the performance of the company and is in full compliance with the regulations issued by the Capital Market Authority and the Saudi Central Bank regulations and the law issued in the Kingdom of Saudi Arabia. All provisions of these bylaws have been complied with, including the cumulative vote based on the number of shares owned by the shareholder, as each share represents one vote in electing members of the Board of Directors. In 2021, United Cooperative Assurance was in full compliance with the CMA corporate governance regulations, Insurance Corporate Governance regulations issued by SAMA, and other guidelines except the following issues- where the company has paid penalty for noncompliance:

Regulatory penalties, a fine was imposed on the company in the amount of 100,000 Saudi riyals paid directly to the account of the Central Bank of Saudi Arabia for the following reasons:

- o The company received an email from the Central Bank of Saudi Arabia on 6/10/1442, corresponding to 18/05/2021, which includes imposing a fine of 40,000 Saudi riyals due to:

1. Dealing with unauthorized Brokers

The concerned department has been directed to validate all existing Brokers and to find automatic solutions to track the Brokers licenses validation

- o The company received a letter dated 14/11/1442 corresponding to 24/06/2021 containing the imposition of a fine on the company in the amount of 60,000 Saudi riyals due to:

1. Non-existence of a customer care policy which includes the authority for the Head of customer care to solve complaints with a limit of 10,000 SAR
2. Non-existence of Complaint system which required to monitor all Complaint

The concerned department has been directed to create and obtain BoD approval for customer care policy and to find automatic solution to monitor received Complaint

Subject	Fines Issued Against the company in 2021		Fines Issued Against the company in 2020	
	Number of Fines	Total amount of fines in Saudi Riyal	Number of Fines	Total amount of fines in Saudi Riyal
Breaches of the supervisory instructions of SAMA	1	40,000	1	100,000
Breaches of SAMA instructions for customer care	1	60,000	-	-
Total	2	100,000	1	100,000

The audit committee, risk committee and the internal control departments of the company have been directed to work on correcting the observations.

- No other penalty, fine or statutory reserve restriction was imposed by the Capital Market Authority or any other supervisory, or regulatory other than the aforementioned.
- The company applies all the provisions issued in the Corporate Governance Regulations.

Non implemented article from Corporate Governance Regulations

Article No.	The Provision of Article / Paragraph	Reasons for not applying
N/A	N/A	N/A

Board of Directors' Report for the Year 2021

A List of The Date of General Assembly Meetings Held During 2021 and The Names of The Board Members Who Attended Them

Board Member Name	Extraordinary General Assembly 13/01/2021	Ordinary General Assembly 07/07/2021	Ordinary General Assembly 18/08/2021
Khaled Hussein Alireza	✓	X	X
Khaled Ahmed Abdulaziz Al-Hamdan	✓	✓	✓
Mohammed Abdullah Al Yahya	X	✓	✓
Mansour Abdulaziz Al Saghayer	X	✓	✓
Bhaa El-Din Omar Khashoggi	✓	✓	✓
Faisal Hussain Badran*(1)	✓	X	X
Khalid Baker Alem*(2)	✓	X	X
Khaled Mohammed AlQazlan*(3)	NA	NA	NA

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khled AlQazlan was appointed on 17th Nov 2021 till the conclusion of the remaining term of the Board

Decisions of The General Assembly of Shareholders and The Names of The Attendees of These Meetings.

Decisions taken in Board of Directors meetings and general assemblies of shareholders during the year 2021.

- **The Company's Extraordinary General Assembly decided in its meeting (second meeting) on 29 Jumada Al-Awwal 1442, corresponding to 13 January 2021, the following:**
 - Clause 1: Approval of Endorse the board activities for the period from 13 December 2020 until the date of the extraordinary general assembly on 13 January 21.
 - Clause2: Approval of the election of members of the Board of Directors among the candidates for the next session, which starts from the date of the extraordinary general assembly on 13-01-2021 and has a duration of three years, ending on 12-01-2024 and they are:
 1. Khalid hussein Alireza
 2. Khalid bin ahmed bin abdulaziz al hamdan
 3. Muhammad al yahya.
 4. Mansour al sagheer.
 5. Bahaa aldeen omer khashoggi.
 6. Faisal badran.
 7. Khaled baker alem.
 - Clause 3: Approval of amending Article No. (1) of the company's articles of association related to incorporation.
 - Clause 4: Approval of amending Article No. (3) of the company's articles of association related to the company's objectives.
 - Clause 5: Approval of amending Article No. (4) of the Company's Articles of Association related to participation and ownership in companies.

Board of Directors' Report for the Year 2021

- Clause 6: Approval of amending Article No. (12) of the Company's Articles of Association related to stock trading.
- Clause 7: Approval of amending Article No. (13) of the Company's Articles of Association related to the capital increase.
- Clause 8: Approval of the amendment of Article No. (14) of the company's articles of association related to the capital reduction.
- Clause 9: Approval of the amendment of Article No. (15) of the company's bylaws relating to the management of the company.
- Clause 10: Approval of amending Article No. (16) of the Company's Articles of Association related to the expiration of the Board's membership.
- Clause 11: Approval to amend Article No. (17) of the Company's Articles of Association relating to the vacant position in the Board.
- Clause 12: Approval of amending Article No. (18) of the Company's Articles of Association related to the Board's validity.
- Clause 13: Approval of the amendment of Article No. (19) of the Company's Articles of Association relating to remuneration for board members and the remuneration for the chairman and managing director.
- Clause 14: Approval of amending Article No. (20) of the Company's Articles of Association related to the powers of the Chairman of the Board of Directors, the term of his membership, the membership of the Deputy, the Managing Director and the Secretary.
- Clause 15: Approving the amendment of Article No. (22) of the Company's Articles of Association related to the quorum for the Board meeting.
- Clause 16: Approval of amending Article No. (24) of the Company's Articles of Association relating to agreements and contracts.
- Article 17: Approval of the amendment of Article No. (25) of the company's bylaws relating to assembly attendance.
- Article 18: Approval of the amendment of Article No. (26) of the company's bylaws relating to the constituent assembly.
- Clause 19: Approval of amending Article No. (27) of the Company's Articles of Association relating to the competencies of the Constituent Assembly.
- Clause 20: Approval of the amendment of Article No. (30) of the company's bylaws relating to assemblies' invitation.
- Clause 21: Approval of the amendment of Article No. (32) of the Company's Articles of Association relating to the quorum for the Ordinary General Assembly meeting.
- Clause 22: Approval of the amendment of Article No. (33) of the company's bylaws relating to the quorum for the extraordinary general assembly meeting.
- Clause 23: Approving the amendment of Article No. (39) of the Company's Articles of Association relating to the appointment of the auditor.
- Clause 24: Approval of amending Article No. (41) of the Company's Articles of Association relating to the obligations of the auditor.
- Clause 25: Approval of the amendment of Article No. (43) of the company's bylaws relating to financial documents.

Board of Directors' Report for the Year 2021

- Clause 26: Approval of amending Article No. (45) of the Company's Articles of Association relating to zakat and reserves.
- Clause 27: Approval of amending Article No. (49) of the Company's Articles of Association relating to the responsibility of members of the Board of Directors.
- Clause 28: Approving the amendment of Article No. (50) of the company's bylaws relating to the company's termination.

The meeting was attended by members of the board of directors, Mr. Khaled Hussein Alireza (Chairman of the Board of Directors), Mr. Khaled Ahmed Al-Hamdan (Vice Chairman of the Board of Directors), Mr. Jack George Sassi, Mr. Karim Marawan Hamadeh, Mr. Bahaa El-Din Omar Bahaa El-Din Khashoggi, Mr. Faisal Badran, and Mr. Khalid Alem.

The call to the Ordinary General Assembly held on 22/12/2020 was announced on the Saudi Stock Exchange website (Tadawul) and in the daily newspaper in addition to the company's official website, and reminder announcements were published to confirm its date and provide a number of shareholders with the call to the assembly through correspondence. Electronic voting for shareholders on the agenda items has taken place through Tadawulati website.

• **The Company's ordinary General Assembly decided in its meeting (first meeting) on 27 the Dhul Qidah 1442, corresponding to 7 July 2021, the following:**

- Clause 1: Approval of the report of the Board of Directors for the fiscal year ending on 31/12/2020.
- Clause 2: Approval of the auditors' report for the fiscal year ending on 31/12/2020.
- Clause 3: Approval of the financial statements for the fiscal year ending on 31/12/2020.
- Clause 4: Approval to absolve the members of the Board of Directors from liability for the fiscal year ending on 31/12/2020
- Clause 5: Approval of the disbursement of 1,443,000 riyals as a bonus to the members of the Board of Directors for the fiscal year ending on 31/12/2020.
- Clause 6: Approval on the appointment of the company's auditors from among the candidates based on the recommendation of the Board of Directors to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2021 and the first quarter of the fiscal year 2022 and determine their fees. and they are:
 1. KPMG office (as First External Auditor)
 2. Al-Azm, Al-Sudairy, Al-Sheikh and Partners Company (as a second External Auditor).
- Clause 7: Approval on the business and contracts that will take place between the company and the Haj Hussein Alireza group of companies, in which the board member, Mr. Khaled Hussein Alireza has an indirect interest, and license them for the coming year, knowing that the nature of the transactions is insurance contracts and the duration of these contracts for multiple periods, and that the value of transactions The ones that took place in the year 2020 are 5,650,000 riyals. These contracts are subject to all the approved terms that the company applies in its contracts with other parties, and there are no preferential terms for these contracts.

The meeting was attended by members of the board of directors Mr. Khaled Ahmed Al-Hamdan (Vice Chairman of the Board of Directors), Mr. Manour Abdulaziz AlSogaier , Mr. Bahaa El-Din Omar Bahaa El-Din Khashoggi, Mr. Mohammed AlYahya.

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The call to the Ordinary General Assembly held on 16/06/2021 was announced on the Saudi Stock Exchange website (Tadawul) and in the daily newspaper in addition to the company's official website, and reminder announcements were published to confirm its date and provide a number of shareholders with the call to the assembly through correspondence. Electronic voting for shareholders on the agenda items has taken place through Tadawulati website.

- **The Company's ordinary General Assembly decided in its meeting (first meeting) on Muharram 10,1443H corresponding to 18 August 2021, the following:**
 - Clause 1: Approval of on the formation of the Audit Committee determining its tasks, working controls, and remunerations for its members for the new session, starting from 18/8/2021 until the end of the session on 12/1/2024, noting that the candidates are:
 1. Mohammed Abdullah Al Yahya - Chairman of the Audit Committee.
 2. Ahmed Tawfiq Al-Khamis - Member from outside the Board.
 3. Tariq bin Ali Al-Fayez - a member from outside the Board.
 4. Muhammad bin Hadi Al-Duwais - a member from outside the Board.
 - Clause2: Approval on the use of the amount (31,944) thousands riyals from the statutory reserves, which represents the entire value of the statutory reserves as in the period ending on march 31,2021 (three months) to cover part of the company's losses This decision aims to reduce the company's accumulated losses from (137,015) thousand riyals as in the period ending on March 31, 2021 (three months), (representing 34% of the capital) to (105,071) thousand riyals (which represents 26% of the capital).
 - Clause 3: non-Approval on the board of directors remuneration policy.
 - Clause 4: Approval of the audit committee charter.

The meeting was attended by members of the board of directors Mr. Khaled Ahmed Al-Hamdan (Vice Chairman of the Board of Directors), Mr. Manour Abdulaziz AlSogaier , Mr. Bahaa El-Din Omar Bahaa El-Din Khashoggi, Mr. Mohammed AlYahya.

The call to the Ordinary General Assembly held on 28/07/2021 was announced on the Saudi Stock Exchange website (Tadawul) and in the daily newspaper in addition to the company's official website, and reminder announcements were published to confirm its date and provide a number of shareholders with the call to the assembly through correspondence. Electronic voting for shareholders on the agenda items has taken place through Tadawulati website.

Through these meetings, shareholders' inquiries about the company's operating status and performance were answered, especially what was included in the agenda items of the meetings. It was also indicated what had been implemented during the year 2021 until the date of the assembly and the confirmation that shareholders were informed of all developments through announcements on (Tadawul) site. The Assembly's minutes have been recorded and kept in the company's records, and the supervisory authorities have been provided with a copy according to the law and within the stipulated period.

Board of Directors' Report for the Year 2021

Shareholders Structure During 2021

Shareholders' Name	Nationality	Number of Shares	Ownership Percentage
UCA Holding	Bahrain	12,529,819	31.32
Audience		27,470,181	68.68
Total		40,000,000	100

A Description of Any Interest of Board Members and Their Spouses and Minor Children in The Shares or Debt Instruments of The Company or Any of Its Subsidiaries:

Name	Position Membership type	Balance at the start of the period 2021 SAR	Balance at the end of the period 2021 SAR	The net change in the number of shares	The percentage change in the number of shares
Khaled Hussain Ali Rida	Chairman of the Board Non-Executive	48,571	48,571	N/A	N/A
Khaled Ahmed Abdulaziz Al-Hamdan	Vice-Chairman	N/A	N/A	N/A	N/A
Mohammed Abdullah Al Yahya	Independent Member	N/A	N/A	N/A	N/A
Mansour Abdulaziz Al Saghayer	Independent Member	N/A	N/A	N/A	N/A
Bhaa El-Din Omar Khashoggi	Non-Executive Member	N/A	N/A	N/A	N/A
Faisal Hussain Badran*(1)	Independent Member	N/A	N/A	N/A	N/A
Khalid Baker Alem*(2)	Independent Member	N/A	N/A	N/A	N/A
Khaled Mohammed AlQazlan*(3)	Independent Member	N/A	N/A	N/A	N/A

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khled AlQazlan was appointed on 17th Nov 2021 till the conclusion of the remaining term of the Board

Related Party Transactions

The following table shows the important transactions that took place between the company and the relevant authorities for the members of the Board of Directors to have a personal interest in it and the value of these transactions during the year ending in 2021

All figures are in (Thousands) Saudi Arabia, Riyals

The contracting party	Term of the contract	The nature of the transaction	Balance as at December 31, 2021	Balance as at December 31, 2020	The name of the beneficiary	Role
Al Haj Hussain Alireza & Partners Co.	Multiple insurance policies for	Premiums Written	5,732	5,650	Khaled Hussein AliRiza	Director
		Payment Received	(6,306)	(7,201)		

Board of Directors' Report for the Year 2021

	multiple periods	Claims Paid	(2,780)	(617)		
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Transaction With Major Parties

The following table shows the important transactions that took place between the company and the major parties which none of the Board members nor executive management own interest in them.

All figures are in (Thousands) Saudi Arabia, Riyals

The contracting party	Term of the contract	The nature of the transaction	Balance as at December 31, 2021	Balance as at December 31, 2020
Saudi Bin Laden Group	Multiple insurance policies for multiple periods	Premiums Written	30,489	114,167
		Payment Received	(117,852)	(103,530)
		Claims Paid	(140)	(263)
Construction Produce Company	Multiple insurance policies for multiple periods	Premiums Written	7,086	7,163
		Payment Received	(23,226)	(5,457)
		Claims Paid	(665)	(257)

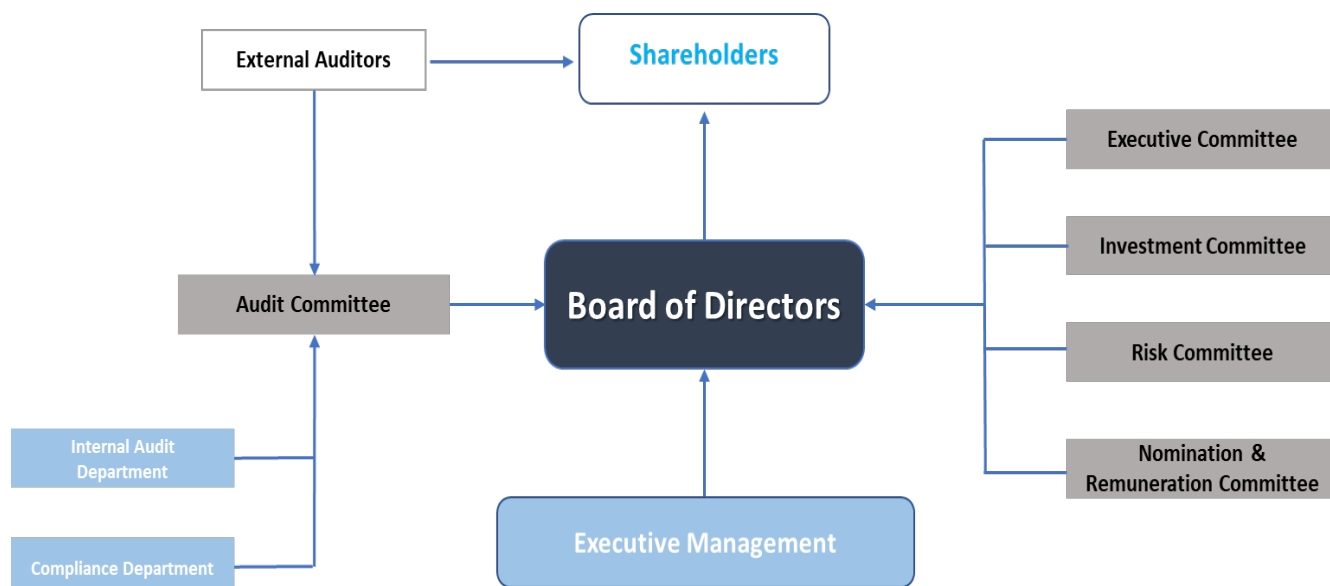
The Number of The Company's Applications for The Shareholders' Registry During The Year 2021 and The Dates of Those Applications

The shareholders' records were requested by the company 7 times during 2021, through the electronic service provided by Tadawulati. The following is a statement of the number of requests, dates, and reasons for those requests.

Request Date	Reason to Request
11-01-2021	The Extraordinary General Assembly will be held 13/01/2021
20-01-2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions
06-04-2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions
24-05-2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions
07-07-2021	The Ordinary General Assembly will be held 07/07/2021
18/08/2021	The Ordinary General Assembly will be held 18/08/2021
14/12/2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions

Board of Directors' Report for the Year 2021

Governance Structure



Board of Director

The board of directors consist of seven members appointed by the general assembly every three years. The board of directors have been elected for the fifth session through cumulative voting in the general meeting of shareholders held on January 13, 2021 for a period of three years ending on January 12, 2024. The board of director shall meet at least every three months, or whenever the need arises, at invitation of the Chairman of the board or at the request of two members. The quorum for a meeting of the board is complete if attended by two third of the members, provided that the number of attending members shall not be less than four members including an independent member.

Board Responsibilities

The Board of Directors approves strategic, accounting, organizational, and financing policies adopted by the Company as well as strategic plans and major transactions. Its responsibilities include the appointment and appropriate succession planning of executive officers and authorized signatories of the Company, in addition to supervision over the Company's management and performance. The Board of Directors also ensures the integrity of the accounting and financial reporting as well as the appropriateness of its disclosure. It promotes high standards of Corporate Governance and ensures compliance with applicable laws and regulation. It ensures that the interest of the shareholders and policyholders are always protected. The Board of Directors is also entrusted with organizing the Shareholders' meetings and carrying out Shareholders' resolutions. The Board of Directors shall also review and approve on annual or periodic basis the policies and procedures of the Company. The Board shall also assess the performance of the Board Committees on periodic basis

Names, Qualifications, and Experience of The Board Members:

	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Khaled Hussein Alireza	Chairman of the Board of Directors Director of Financial Planning -	He held several administrative positions, including a member of the Board of Directors of Natco Computer Systems Company.	Bachelor's in business administration - University of	Mr. Alireza has held several administrative positions, including a member of the Board of Directors of Natco Computer Systems Company.

Board of Directors' Report for the Year 2021

		Chairman of the Board of Directors - Haji Hussain Alireza & Co Member of Board - Al Wasila Car Rental Company		Southern California, USA. Master's in marketing - Pepperdine University, USA.	
2	Khaled Ahmed Abdulaziz Al-Hamdan	Vice Chairman of the Board of Directors Member of Board - the Counselor Ahmed Abdulaziz Al-Hamdan Group	- Member of Board - Al-Watan Newspaper. -Member of Board - Saudi Arabian Refineries Company. -Member of Board - Onaizah Investment Company. -Member of Board - Qassim Development Company. -Member of Board - Al-Baha Investment Company. -Member of Board - Al-Wasatah Capital. -Chairman - Commercial Committee, Jeddah	Bachelor's in business administration - Cairo University.	Mr. Al-Hamdan holds a number of board positions in prestigious organizations across the kingdom.
3	Mohammed Abdullah AlYahya	Board of Directors Member	-Joined SABB Takaful's Board (Chairman) -Chief Risk Officer at the Saudi British Bank, as well as 26 years of working experience with them. -Worked with the Royal Air Forces	Bachelor's of Science (Florida A&M University) Major Civil Engineering	Mr. AlYahya has 31 years of working experience, with multiple Managerial positions in the Banking industry.
4	Mansour Abdulaziz AlSaghayer	Board of Directors Member	-CEO at the National Bank of Bahrain -BOD Member at the Saudi Fisheries Company. -BOD Member at the Southern Province Cement Co. -Head of business management at the Saudi British Bank -BOD Member at SABB Takaful -Regional Head of Corporate banking at the Saudi British Bank -Chief Corporate Banker at the National Commercial Bank -Unit Head at Banque Saudi Fransi	Executive MBA (London Business School) Bachelor's in Accounting (King Abdulaziz University)	Mr. AlSaghayer has 25 years of experience in Credit, Marketing, Financial Management, and leadership.
5	Bhaa Aldeen Omar Khashoggi	-Board of Directors Member -Country Head of Micro, Small and Medium entities (MSME) at Banque Saudi Fransi	-Assistant Regional General Manager at Banque Saudi Fransi, and 19 years of working experience with them.	Bachelor of Business Administration (Texas Christian University) Majors: Accounting & Finance Minor: Economics	Mr. Khashoggi has more than 19 years of experience in the field of management and corporate banking at Banque Saudi Fransi, which has earned him extensive experience in the field of management.
6	Faisal Hussain Badran*(1)	-Board of Directors Member -Partner - CdR Capital	-Audit Committee Member at Allianz Saudi Fransi (Non-Executive Director) – Non-Executive Director at National Port Services Co Limited -BOD Member at Herfy Food Services Company -Chief Investment Officer at Savola Group. -Mentor at Endeavor	-Oxford Private Equity Programme at University of Oxford-Saïd Business School -Executive Program, Transition to General Management at INSEAD	Mr. Badran has more than 27 years of global working experience, with comprehensive knowledge of financial markets and company valuations.

Board of Directors' Report for the Year 2021

			<ul style="list-style-type: none"> - Investment Committee Member at Eastgate Capital Group. - Chief Investment Officer & Head of Asset Management at NCB Capital. -BOD Member at HC Securities & Investment. -Senior VP Head of International Expansion & Strategy at NCB. -Co-founder of Filovault SARL. -VP Risk Management at middle east Capital Group (MECG). - Managing Partner at Vector Asset Management. -Portfolio Manager at UBS. - VP Forex Trading at Bankers Trust -AVP at Chase Manhattan Bank 	<ul style="list-style-type: none"> -Executive program, Corporate Strategy and M&A at INSEAD -Executive Education, NCB Leadership Program at INSEAD -Economics & Monetary Policy at the University of Chicago 	
7	Khalid Baker Alem*(2)	<ul style="list-style-type: none"> - Board of Directors Member -Deputy CEO at international Medical Center 	<ul style="list-style-type: none"> -Director of North Jeddah project and KAUST. -Deputy Chief Medical Officer at International Medical center. -Chairman of Family Medicine at International Medical 	<ul style="list-style-type: none"> -Medical Council of Canada Evaluation Examination for Graduates of Foreign Medical Schools. -MBBS (King Abdulaziz University) 	Mr. Alem held several administrative positions in the Medical field. He also gained a Jordanian fellowship in Family Medicine.
8	Khaled Mohammed AlQazlan*(3)	<ul style="list-style-type: none"> -Board of Directors Member -Adviser to the Minister of Hajj and Umrah 	<ul style="list-style-type: none"> -Human Resources Manager at Gulf General Cooperative Assurance -Human Resources Manager at MedGulf. -Human Resources Manager at NCB – AlAhli Takaful -Manager of the Training& Development dept at Bankalbilad -Talent and Recruitment Manager at the Saudi British Bank -Chief of Technical dept at College of Technology 	<ul style="list-style-type: none"> Master's in Business Administration (Colorado Technical university) Major: Project Management & Management Information Systems 	Mr. Alqazalan has more than 18 years of experience in Human Resources Management at the Banking and Insurance industry.

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khaled AlQazlan was appointed in 17th Nov 2021 till the conclusion of the remaining term of the Board

On Wednesday 28/02/1443, corresponding to 05/10/2021, the member of the Board of Directors, Mr. Faisal Hussain Badran, submitted his resignation from his position as an independent board member. The reason for his resignation is due to his other work obligations. The Board of Directors approved this resignation on 29/02/1443 corresponding to 06/10/2021, provided that it shall take effect from 29/02/1443 corresponding to 06/10/2021.

On Tuesday 06/03/1443, corresponding to 12/10/2021, the member of the Board of Directors, Mr. Khalid Bakor Alem, submitted his resignation from his position as an independent board member. The reason for the resignation is due to personal issues. The Board of Directors approved this resignation on 08/03/1443 corresponding to 14/10/2021, provided that it shall take effect from 08/03/1443 corresponding to 14/10/2021. Khaled alQazlan was an external member to the Nomination & Remuneration Committee. The Board of Directors approved the appointment of Mr. Khalid Mohammed AlQazlan to the company's board of directors, according to the decision of the board held on 08/03/1443 corresponding to 14/10/2021 and SAMA no

Board of Directors' Report for the Year 2021

objection letter dated 11/04/1443 corresponding to 17/11/2021, Board Approval May not be Deemed Final, this Appointment Shall Be Put before the First General Assembly Meeting for Approval

Board Structure

Board Member Name	Type of Membership	Classification of Membership
Khaled Hussein Alireza	Chairman	Non-Executive
Khaled Ahmed Abdulaziz Al-Hamdan	Vice-Chairman	Independent
Mohammed Abdullah Al Yahya	Member	Independent
Mansour Abdulaziz Al Saghayer	Member	Independent
Bhaa El-Din Omar Khashoggi	Member	Non-Executive
Faisal Hussain Badran*(1)	Member	Independent
Khalid Baker Alem*(2)	Member	Independent
Khaled Mohammed AlQazlan*(3)	Member	Independent

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khalid AlQazlan was appointed in 17th Nov 2021 till the conclusion of the remaining term of the Board

Board Meeting for The Year

During 2021, the BOD held Seven (10) meetings according to the attendance record shown in the table below:

	Name	Meeting and attendance									
		1 st meeting 13/01/20 21	2 nd meeting 21/03/20 21	3 rd meeting 11/04/20 21	4 th meeting 22/04/20 21	5 th meeting 09/05/20 21	6 th meeting 02/06/20 21	7 th meeting 08/09/20 21	8 th meeting 14/10/20 21	9 th meeting 04/11/20 21	10 th meeting 23/12/20 21
1	Khaled Hussein Alireza	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Khaled Ahmed Abdulaziz Al-Hamdan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mohammed Abdullah Al Yahya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Mansour Abdulaziz Al Saghayer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Bhaa El-Din Omar Khashoggi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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6	Faisal Hussain Badran*(1)	✓	✓	✓	✓	✓	✓	✓			
7	Khalid Baker Alem*(2)	✓	✓	✓	✓	✓	✓	✓			
8	Khaled Mohammed AlQazlan* (3)										✓

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khalid AlQazlan was appointed in 17th Nov 2021 till the conclusion of the remaining term of the Board

Membership of Board Members in Other Companies

Member Name	Name Of the Company Which a Board Member Is Currently a Member of Their Board Or Manager	Inside / Outside KSA
Khaled Hussein Alireza	1) Chairman at United Cooperative Assurance 2) Financial Planning Manager & Director at Haji Hussein Alireza & Co Ltd.	1) Inside 2) Outside
Khaled Ahmed Abdulaziz Al-Hamdan	Vice Chairman: United Cooperative Assurance Alhamdan Group Consultancy and Development Saudi Arabian Refineries Company 2) Vice Chairman: Takana Import & Export 3) Board Member: Qassim Construction Unizah Investment Company Alwatan Newspaper Canadian Saudi Arabian Business Council 4) Board Member Spot Coffee 5) General Manager: Takana Trading Est Takana Agency for Advertisement and event Management	1) Inside 2) Outside 3) Inside 4) Outside 5) Inside
Mohammed Abdullah Al Yahya	1) Board Member at United Cooperative Assurance	1) Inside
Mansour Abdulaziz Al Saghayer	Board Member: United Cooperative Assurance Saudi Fisheries Company Southern Province Cement Co 2) CEO at National Bank of Bahrain	1) Inside 2) Inside
Bhaa El-Din Omar Khashoggi	1) Board Member at United Cooperative Assurance 2) Country Head of Micro, Small and Medium Entities (MSME) at Banque Saudi Fransi	1) Inside 2) Inside
Faisal Hussain Badran	1) Board Member at United Cooperative Assurance 2) Partner at CdR Capital	1) Inside 2) Outside

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Khalid Baker Alem	1) Board Member at United Cooperative Assurance 2) Deputy CEO at International Medical Center	1) Inside 2) Inside
Khaled Mohammed AlQazlan	1) Board Member at United Cooperative Assurance 2) Advisor to the Minister of Hajj and Umrah	1) Inside 2) Inside

Board's Sub-Committees

The company has five committees emanating from the board of directors, each committee submits its recommendations to the Board of Directors within the framework of its competence as follows:

Executive Committee

This committee consist of three board members in order to manage the affairs of the company and exercises all the powers assigned to them by the board in accordance with the instructions and directives of the board. It follows up with the company's management regarding the board's recommendations as well as they add any suggestions for future plans. The following is a table showing the names of the members of the Executive Committee and the number of their meetings during the year 2021:

Key Role and Responsibilities

The Executive Committee shall participate in preparing the Company's strategy, review the company's performance, including, but not limited to, the following responsibilities:

- Review Capital investment guarantee requests and approve project within the power of the committee.
- Review management report.
- Provide recommendation to the board of directors.
- Reviewing the policies and procedures proposed by the executive management.
- Periodic reviewing governance roles.
- Execution of tasks assigned by the board.

Executive Committee Meetings

	Name	Position	Membership type	Meeting and attendance					
				1 st meeting 06/07/2021	2 nd meeting 20/09/2021	3 rd meeting 28/09/2021	4 th meeting 14/10/2021	5 th meeting 06/12/2021	6 th meeting 29/12/2021
1	Khaled Hussein Alireza	Committee Chairman	Non-Executive	✓	✓	✓	✓	✓	✓
2	Khaled Ahmed Abdulaziz Al-Hamdan	Board Member	Independent	✓	✓	✓	✓	✓	✓
3	Mansour Abdulaziz Al Saghayer	Board Member	Independent	✓	✓	✓	✓	✓	✓

Investment Committee

The board of directors appointed an investment committee to exercise oversight into investment activities, which shall be responsible of submitting recommendations to the board about all matter related to investment such as the company's investment policy and assets distribution plans. The committee shall be authorized to issue resolution connected to investment within the context of company investments policies and assets distribution plans endorsed by the Board and to choose the most appropriate investment for the company's funds within the rules and controls stipulated by the Monetary Authority with the least possible risk. The investment policy of the company has been prepared and approved by the Board of Directors with full

Board of Directors' Report for the Year 2021

compliance with the executive regulations and regulations issued by the supervisory authorities. The committee shall also be responsible for the supervision of the investment portfolio performance.

Key Role and Responsibilities

The Investment Committee shall formulate, prepare the investment policy, review its performance, and implement it quarterly, including, but not limited to, the following matters:

- Reviewing the performance of all asset categories.
- Submitting the portfolio performance report to the Board of Directors.
- prepare a written policy that includes risk limits and delegated powers and a recommendation in the event of any amendments and obtain the approval of the Board.
- Reviewing all risk limits and exposures in investment activities on periodically basis to ensure its suitability to the current market conditions and the company's ability to take risks in general.
- Ensuring that all investment-related activities commit to the requirements of the investment regulations issued by SAMA and the requirements of other relevant laws and regulations.

Below is a table showing the names of the members of the Investment Committee and the number of their meetings in 2021.

Meeting of The Investment Committee

	Name	Position	Membership type	Meeting and attendance	
				1 st meeting 29/07/2021	2 nd meeting 21/10/2021
1	Faisal Hussain Badran*(1)	Committee Chairman	Independent	✓	
2	Bhaa El-Din Omar Khashoggi	Board Member	Non-Executive	✓	✓
3	Mansour Abdulaziz Al Saghayer*(2)	Board Member	Independent	✓	✓

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member Mansour Al Saghayer was appointed on 28th Dec 2021 as the committee Chairman

Risk Committee

The formation of the committee and the preparation of its regulations were approved at the general meeting held on December 14, 2017, while Two meeting of the committee was held during the year 2021, which contributed to keeping pace with rapid developments that may affect the effectiveness of risk management in the company.

Key Role and Responsibilities

The key roles of the Committee are:

1. Developing comprehensive strategies and policies for risk management that are consistent with the nature and volume of the Company's activities.
2. Monitoring the implementation of defined risk management strategies and policies and reviewing and updating them based on relevant internal and external changing factors.
3. Ensuring that Company's exposure to risk is at an acceptable level that its risk exposure does not exceed such level.
4. Ensuring the Company's business continuity.
5. Ensuring that the Company's senior management continuously identify the risks that threaten the Company's existence and effectively identifies the risk exposures of the Company on annual basis.

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6. Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company.
7. Regularly reassessing the Company's ability to accept such risks.
8. Advising the Board on issues related to risk management.
9. Reviewing any issues faced by the Audit Committee that may affect the Company's risk management activities.

Key Responsibilities of The Committee

The key responsibilities of the Committee shall be to assist the Board in its risk management oversight responsibilities including the following:

1. Establish the risk management framework of the Company.
2. Define the risk appetite of the Company.
3. Ensure implementation of action plans and controls to reduce and manage risks.
4. Ensure rigorous Board oversight over significant risks issues.

The Company will assess, manage, and monitor risks on a continuous basis. The main responsibilities of the Risk Management Committee shall comprise the following:

1. The committee's mandate includes monitoring the performance and implementation of the internal control systems of the Company, ensuring the effectiveness and efficiency of those systems, verifying the implementation of internal control decisions and actions.
2. Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company.
3. Overseeing the risk management system and assessing its effectiveness.
4. Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company.
5. Reviewing risk management policies.
6. Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
7. Reviewing the Products development Committee reports to assist the Insurer in monitoring risks of its Insurance Product effectively.
8. Reporting to the Board details of risk exposures and recommending actions to manage them.
9. Ensuring the availability of adequate resources and systems for risk management.
10. Verifying the independence of the risk management employees from activities that may expose the Company to risk.
11. Evaluating the performance of the Head of Risk Management as well as the activities of the Risk Management Department.
12. Review and approve the request for information from management, staff of Company or any other party with regard to activities, decisions, and resolutions of the Committee.

Risk Committee Meetings

Name	Position	Membership type	Meeting and attendance	
			1 st meeting 26/09/2021	2 nd meeting 09/12/2021

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1	Bhaa El-Din Omar Khashoggi	Committee Chairman	Non-Executive	✓	✓
2	Faisal Hussain Badran*(1)	Board Member	Independent	✗	
3	Khalid Baker Alem*(2)	Board Member	Independent	✓	
4	Khaled Mohammed AlQazlan*(3)	Board Member	Independent	NA	✓
5	Ahmed Tawfiq AlKhamis*(4)	RC Member	External member	NA	NA

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member was appointed as a board member in 17th Nov 2021 till the conclusion of the remaining term of the Board & as a risk committee member on 22th Nov 2021.

*(4) Risk Committee member from outside Bod as of 28/12/2021

Nomination & Remuneration Committee

This committee works according to the law approved by the Board of Directors and is responsible for recommendations for nomination for membership of the Board of Directors and for the annual review of the required needs of appropriate skills for membership of the Board. It also reviews the structure of the Board of Directors and makes recommendations regarding the changes that can be made, in addition to establishing clear policies for the remuneration of the Board of Directors and senior executives. It is taken into account when setting these policies to use performance-related criteria.

Key Role and Responsibilities

- Preparing a clear policy for the remuneration of members of the Board, the committees emanating from the Board and the executive management and submitting it to the Board for consideration in preparation for its approval by the General Assembly, provided that in such policy, performance-related standards shall be followed, disclosed and verified.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicating any material deviation from this policy.
- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its intended objectives.
- Recommending to the Board the remuneration of members and committees emanating therefrom and senior executives of the company in accordance with approved policy.
- Reviewing the CEO's financial remunerations, including long and short-term incentives, in addition to determining the ceiling of results expected to be achieved by the CEO and making recommendations in this regard to the Board of Directors.
- Reviewing and authorizing the CEO's recommendations on financial remuneration for senior executives
- Ensuring of the company's commitment and compliance with the policy of remuneration of board members, members of committees emanating from the board of directors and executive management approved by the General Assembly of shareholders.
- Suggesting clear policies and standards for membership in the Board and the Executive Management.
- Recommending the Board to nominate and re-nominate members in accordance with the approved policies and standards, considering not to nominate any person previously convicted of a breach of trust.
- Preparing a description of the capabilities and qualifications required for membership of the Board and the executive management positions.
- Determining the time that the member shall allocate for the work of the Board.

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- Annual reviewing of the necessary needs of appropriate skills or expertise to the membership of the Board and the positions of the executive management, with the identifying the weaknesses and strengths in the Board and the Executive Management and proposing to address them in conformity with the interest of the company.
- Reviewing the structure of the Board and the Executive Management and make recommendations regarding changes that can be made.
- Annually verifying the independence of the independent members and that there is no conflict of interest if the member is a member of the board of directors of another company.
- Setting job descriptions for executive, non-executive, and independent members and senior executives.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board or senior executives.
- Identifying the weaknesses and strengths in the Board and proposing solutions to address them in conformity with the interest of the company.
- Providing an appropriate level of training and familiarization with the new board members about the company's tasks and achievements so that they can perform their work with the required efficiency.
- Studying and reviewing the performance of the executive management.
- Studying and reviewing the job placement plans for the company in general, the Board, the CEO, and senior executives.
- Studying and reviewing the CEO's recommendations for appointing and terminating senior executives, except for the Director of the Internal Audit Department, who was appointed and dismissed on the recommendation of Audit Committee the company

Meeting of The Nomination & Remuneration Committee

	Name	Position	Membership type	Meeting and attendance			
				1 st meeting 17/08/2021	2 nd meeting 05/10/2021	3 rd meeting 02/11/2021	4 th meeting 28/12/2021
1	Khaled Mohammed AlQazlan*	Committee Chairman	Independent	✓	✓	✓	✓
2	Mohammed Abdullah Al Yahya	Board Member	Independent	✓	✓	✓	✓
3	Khaled Ahmed Abdulaziz Al-Hamdan	Board Member	Independent	✓	✓	✓	✓

* External member and was appointed as a board member on 17th Nov 2021 till the conclusion of the remaining term of the Board

Audit Committee

Members of the Audit Committee (from outside the company) were elected for on August 08, 2021, and for a period of three years ending on January 12, 2024, at the general meeting of shareholders held on August 8, 2021.

Key Role and Responsibilities

The duties of the audit committee include, but are not limited to, the following:

- Exercise oversight over the internal audit function.
- Recommending to the Board of Directors to approve the appointment or reappointment and dismissal of external auditors, determine their fees and evaluate their performance after verifying their independence

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and reviewing their work and terms of contracting with them. This includes ensuring that the nominated external auditors have the expertise needed to audit the business of insurance and / or reinsurance companies.

- Appointing and dismissing the director of the compliance department or the compliance officer after obtaining a no-objection from the concerned authority in writing.
- Appointing and dismissing the director of the internal audit department or the internal auditor after obtaining a no-objection from the concerned authority in writing.
- Ensuring the independence of the external auditors from the company, the members of its board of directors, and the senior management of the company.
- Ensuring the independence of the internal audit department or the internal auditor in performing their duties and ensuring that there are no restrictions on their work or the existence of anything that could negatively affect their work.
- Ensuring the independence of the Compliance Department or the Compliance Officer in performing their duties and ensuring that there are no restrictions on their work or the existence of anything that could negatively affect their work.
- Discussing the initial annual and quarterly financial statements with the external auditors and senior management of the company before issuing the same.
- Reviewing the initial annual and quarterly financial statements and make recommendations to the Board of Directors in their regard.
- Reviewing critical accounting policies and procedures as well as the modifications that might be introduced thereto.
- Reviewing the external auditors reports and make recommendations thereon to the Board of Directors.
- Evaluating the level of efficiency, effectiveness, and objectivity of the work of the external auditors, the internal audit department, as well as the compliance.
- Reviewing the observations of the concerned authority and the relevant supervisory and supervisory authorities regarding any statutory violations or requesting corrective measures and submitting recommendations regarding them to the Board of Directors.
- The audit committee reviews the company's financial statements, auditor's reports and notes, and provides its opinion, if any. The committee also prepares a report on its opinion on the efficiency of internal control within the company, and on any other activities within its competence.

Names, Qualifications, and Experience of Audit Committee Members

Name	Current jobs	Previous experiences, qualifications, and positions
Mohammed Abdullah AlYahya	Board of Directors Member	He Has held Bachelor's of Science (Florida A&M University) in Civil Engineering Mr. AlYahya has 31 years of working experience, with multiple Managerial positions in the Banking industry. Joined SABB Takaful's Board (Chairman) Chief Risk Officer at the Saudi British Bank, as well as 26 years of working experience with them. Worked with the Royal Air Forces
Ahmed Tawfiq AlKhamis	Chief Operation Officer – National Bank of Bahrain	He has held a bachelor's degree in finance from King Fahd University of Petroleum and Minerals. He is currently the Chief Operation Officer at National Bank of Bahrain, and he

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		has previously worked in many positions that earned him extensive experience in the field of insurance and risk.
Tarik Ali AlFayiz	Chief Compliance Officer - National Bank of Bahrain	He has held a bachelor's degree in marketing from King Fahd University of Petroleum and Minerals. He is currently the Chief Compliance Officer at National Bank of Bahrain, and he has previously worked in many positions that earned him extensive experience in the field of insurance and compliance.
Mohammed Hadi Al Dowais	Owner of Mohammed AlDowais accounting firm	He has held a master's degree in banking management from the institute of public administration, in addition to a fellowship from the Saudi Organization for Certified Public Accountants. He has previously worked in many positions that earned him extensive experience in the field of financial auditing and auditing.

Audit Committee Meetings

	Name	Position	Membership Type	Meeting and attendance					
				1 st meeting 14/09/2021	2 nd meeting 28/09/2021	3 rd meeting 28/10/2021	4 th meeting 24/11/2021	5 th meeting 08/12/2021	6 th meeting 29/12/2021
1	Mohammed Abdullah Al Yahya	Committee Chairman	Independent	✓	✓	✓	✓	✓	✓
2	Ahmed Tawfiq AlKhamis	AC Member	External member	✓	✓	✓	✓	✓	✓
3	Tarik Ali AlFayiz	AC Member	External member	✓	✓	✓	✓	✓	✓
4	Mohammed Hadi Al Dowais	Board Member	External member	✓	✓	✓	✓	✓	✓

Executive Management Names, Qualifications, and Experience

	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Mohammed Bin Mohammed-Said Basrawi	Chief Executive Officer (CEO)	Deputy CEO & COO at Allianz Saudi Fransi Cooperative Insurance (AZSF) COO- Voice & Data at Hoshan Company LTD. Principal Consultant & Advisor at Xenith, SARL Vice President at Orbit Communications Company (OCC) Director of Operations at Orbit Productions (OP) Executive Vice- President at Arab Network of America, INC. (ANA) Graduate School Lecturer at The Ohio State University Consultant at Resource International, INC. Statistical Consultant at The Ohio State University Contractor worked on various private construction projects	PH.D. Candidate (The Ohio State University) Major - Civil Engineering Geotechnical & Materials Engineering Minors - Construction Engineering & Management - Statistics - Operations Research -Business Administration Master of Science (The Ohio State University) Major -Construction Engineering & Management BS in Civil Engineering (The Ohio State University) Major -Structures International College	Mr. Basrawi has over 25 years of international executive experience in start-ups and turnarounds

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				United Nations International School	
2	Sultan Sindi	Chief Financial Officer (CFO)	Deputy CFO at Wataniya Insurance Company Director- Financial Planning, Collection Services & Solutions at Bupa Arabia Finance Manager at Radwa Trading Company (Chalhoub Group) Associate at Arqaam Capital (Crescent Point Group) Analyst at Istithmar World Capital	Master of Business Administration (London Business School) BS of Science Degree (American university of Sharjah) Major -Finance Minor -Economics Memberships: -CFA Institute - GARP (Financial Risk Manager) -CAIA Association	Mr. Sindi has 15 years of international financial experience, as well as CFA Certification.
3	Shaher AlMadani	Chief Operations Officer (COO)	Deputy Head of Human Resources at SABB Takaful HR & Government Relations Department Supervisor at Allianz Saudi Fransi	BS of Business Administration (King Faisal University)	Mr. Almadani has over 10 years of HR Management experience, with the skill to integrate HR's functions with the overall business strategy
4	Waheed Khayyat	Chief Information Officer (CIO)	-Director of IT Infrastructure at King Faisal Specialist Hospital Research Center	Master of Business Administration (University of Manchester) BS of Science Degree (King Abdulaziz University) Major -Computer & Electrical Engineering	Mr. Khayyat has over 18 years of experience in digital and information Technologies in the Healthcare industry.
5	Marwan AlHazmi	Chief Sales & Marketing Officer	-Head of Sales & Operation at King Abdulla Economic City (KAEC)	MBA in Marketing & Advanced Marketing Strategies (The University of Leicester)	Mr. AlHazmi has over 10 years of experience in business planning, sales & marketing management.
6	Abdullah Biary	Chief Information Security Officer	-Acting CISO at Salama COOP Insurance -Cyber Security Analyst at king Abdulaziz University	Master of Engineering & Applied Science (George Washington University) Bachelor's degree at Management Information System (University of Business Administration and Technology)	Mr. Biary has an experience in developing Cyber Security Strategy & Governance.
7	Abdulaziz Mirdad	Chief Compliance Officer	-General Manager for the pilgrimage season at South Asia Establishment -Associate Attorney at Yasser Gazzaz Law Firm -Trainee Lawyer at Dar Alfarouq Law Firm -Trainee Lawyer at Muhammed Aied Alsulami Law Firm -Western Region Secretary at Alnawafiz Alarabia -Coordinator at the Ministry of Hajj	Bachelor's degree at Law (King Abdulaziz University)	Mr. Mirdad worked at multiple law firms which provided him with thorough exposure and knowledge in the legal and compliance field.

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8	Ammar Alsayrafi*	Chief Financial Officer (CFO)	-CFO & Board secretary at Malath Insurance Co. -Finance Manager at Gulf General Cooperative Insurance Co. -Finance Manager at Kuehne-nagel Co.LTD Asst. -Consultant at Ernst & young Business	Bachelor's degree in Accounting (Um Al-Qura University)	Mr. Alsayrafi has more than 14 years of experience in Finance management and Team leadership, which was mainly focused on the insurance industry.
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*Resigned from UCA on 7th of Nov 2021

Remuneration of The Board, Committee, And Executive Management Members

Board Remunerations

The Board members shall receive a fixed annual remuneration as shown below:

Position	Fixed annual Remuneration amount
Chairman of the board	300,000
Each member of the board Non-Executive and Independent	180,000
Each member of Board committees if they are not Board members (External member)	40,000

Allowance for attending Meetings:

- Each board member shall receive an amount of three thousand Riyal for each board meeting and one thousand five hundred Riyal for each general assembly they attend (excluding travel, and subsistence expenses)
- Each board member shall receive an amount of One thousand five hundred Riyal for each board's sub-committee meeting
- Committee members are entitled to a compensation against the expenses they may bear in attending meetings and performing their duties as committees' members.

The following table shows the allowances and remunerations received by Board members and Committee's members were obtained during 2021.

Name	Attending Allowance for the BOD Meetings	Attending Allowance for General Assembly Meetings	Attending Allowance for Committee Meetings	Total
Khaled Hussein Alireza	30,000	1,500	9,000	40,500
Khaled Ahmed Abdulaziz Al-Hamdan	30,000	4,500	15,000	49,500
Mohammed Abdullah Al Yahya	30,000	3,000	6,000	39,000
Mansour Abdulaziz Al Saghayer	30,000	3,000	12,000	45,000
Bhaa El-Din Omar Khashoggi	30,000	4,500	6,000	40,500

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Faisal Hussain Badran*(1)	21,000	1,500	1,500	24,000
Khalid Baker Alem*(2)	21,000	1,500	1,500	24,000
Khaled Mohammed AlQazlan*(3)	3,000	NA	7,500	10,500

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) External member and was appointed as a board member on 17th Nov 2021 till the conclusion of the remaining term of the Board

Audit Committee Remuneration

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

Name	Position	Fixed annual Remuneration amount	Meeting Attendance Allowance	Total
Mohammed Abdullah Al Yahya	Committee Chairman	60,000	9,000	69,000
Ahmed Tawfiq AlKhamis	External member	40,000	9,000	49,000
Tarik Ali AlFayiz	External member	40,000	9,000	49,000
Mohammed Hadi Al Dowais	External member	40,000	9,000	49,000

Executive Management Remuneration

Five Senior executives, including the CEO and CFO	
Salaries	3,622,000
Fixed allowance	1,244,577
Performance-based annual bonuses	NA

The Company would like to address that there weren't any rewards or incentive given to the senior executive management including the CEO and CFO during 2021 nor 2020

Results of The Annual Review of The Effectiveness and Procedures of Internal Control:

The internal audit department in the company implemented the annual internal audit plan approved by the audit committee, and the reports of the important observations were submitted to the senior management and the audit committee. Accordingly, the executive management developed an action plan to implement and address all observations contained in the internal audit reports.

With regard to the results of the annual review of the effectiveness of the company's internal control procedures, the audit committee believes that the internal control system of the company requires further development to keep pace with the volume of business and changing market dynamics. The executive management of the company has discussed internal audit findings and recommendations with the aim of developing a corrective plan to address identified gaps. The audit committee is expected to follow up on implementation progress during 2022.

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Name of Each Affiliate Company, Its Capital, The Company's Ownership Percentage, The Main Scope of Business, Country of Operation and Country of Incorporation

The company does not have any affiliates companies

The Audit Committee's Recommendations Conflicting With Board Resolution or Those Which The Board Disregards Relating To Appointment, Dismissal, Assessment or Determining The Remuneration of An External Auditors, As Well As Justifications For Those Recommendations and Reasons for Disregarding Them.

There are no recommendations

Information Related to Any Loans On The Company In Accordance With The Requirements of Paragraph (27) Of Article (90) of The Corporate Governance Regulations, or Submitting A Declaration - In The Absence of Loans on The Company

The company does not have any loans

Board of Directors' Report for the Year 2021

Summary of The Company's Assets, Liabilities, And Results of The Last Five Fiscal Years

All figures are in (Thousands) Saudi Arabia, Riyals

Statement of financial position

Insurance Operations	2021	2020	2019	2018	2017
Cash & Cash equivalent	87,067	51,356	216,199	88,477	43,953
Short Term Deposit	0	22,656	23,496	0	0
Premiums and reinsurers' receivables	156,051	239,606	202,452	169,736	253,621
Reinsurers' share of unearned premiums	91,978	209,598	137,914	94,750	204,792
Reinsurers' share of outstanding Claims	36,506	41,720	45,581	88,169	
Reinsurers' share of claims incurred but not reported	114,849	126,264	112,881	135,637	291,905
Deferred policy acquisition costs	10,571	12,645	6,444	5,699	10,301
Investments	86,401	115,088	227	160,159	260,322
Due from insurance operations	37,315	0	-	0	0
Prepaid expenses and other assets	59,113	67,449	36,685	45,823	52,646
Property and equipment - net	9,122	10,346	7,008	1,902	2,667
Intangible assets	9,813	4,598	0	0	0
Right-of-use asset-net	7,089	7,556	0	0	0
Less Inter - operations eliminations	(37,315)	0	0	0	0
Total Insurance Operations Assets	668,560	908,882	788,887	790,352	1,120,207

Shareholders' Operations

Cash & Cash equivalent	702	10,379	41,454	1,056	94,843
Investments	164,125	173,278	190,721	224,596	134,755
Prepaid expenses and other assets	1,222	1,038	1,071	1,378	1,271
Due from insurance operations	0	32,675	33,493	4,700	62,944
Goodwill	78,400	78,400	78,400	78,400	78,400

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Statutory deposit	60,000	60,000	60,000	73,500	73,500
Accrued commission income on statutory deposit	5,396	4,904	3,824	2,635	1,448
Less Inter - operations eliminations	0	(32,675)	(33,493)	(4,700)	(62,944)
Total Shareholders' Operations Assets	309,845	360,674	408,963	386,265	384,217
Total Assets	978,405	1,269,556	1,197,850	1,176,617	1,504,424

Statement of financial position

Insurance Operations Liabilities	2021	2020	2019	2018	2017
Policyholders payable	24,100	5,396	13,419	19,361	9,177
Accrued and other liabilities	66,816	45,533	66,957	55,253	96,745
Reinsurers balances payable	95,067	156,440	178,413	122,227	178,145
Unearned premiums	185,439	302,452	163,093	141,051	270,374
Unearned reinsurance commission	15,683	34,994	27,769	19,295	31,460
Outstanding claims	83,964	62,921	66,652	111,586	122,927
Claims Incurred but not reported	140,599	169,749	162,673	209,481	281,638
Premium deficiency reserve	25,378	25,748	18,760	16,454	3,566
Other technical reserves	16,176	13,378	9,604	36,539	6,925
Due to shareholders' operations	0	32,675	33,493	4,700	62,944
Employees' defined benefit obligations	10,029	10,288	9,475	18,018	20,676
Lease liabilities	6,187	6,397	0	0	0
Surplus from insurance operations	37,053	37,053	37,053	36,037	36,037
Less: Inter-operations eliminations	0	(32,675)	(33,493)	(4,700)	(62,944)
Fair value reserve on investments - insurance operations	(3,546)	3,734	15	(86)	(407)
Total Insurance Operations Liabilities	702,945	874,083	753,883	785,216	1,057,263

Board of Directors' Report for the Year 2021

Shareholders' Operations Liabilities

Accrued and other liabilities	2,169	1,081	497	560	617
Due to a related party	0	0	270	270	270
Due to shareholders' operations	37,315	0	0	0	0
Zakat and Income tax payable	14,846	21,750	28,936	22,488	23,708
Accrued commission income on statutory deposit payable to SAMA	5,396	4,904	3,824	2,635	1,448
Less Inter operations eliminations	(37,315)	0	0	0	0
Total shareholders' liabilities and insurance operations reserve	22,411	27,735	33,527	25,953	26,043
Total Liabilities and Insurance Operations Reserve	725,356	901,818	787,410	811,169	1,083,306

Equity

Share Capital	400,000	400,000	400,000	400,000	490,000
Statutory reserve		31,944	31,944	31,944	31,944
Accumulated losses	(149,752)	(108,025)	(64,145)	(71,684)	(97,512)
Fair value on investments	(133)	9,020	7,637	52	(3,314)
Re-measurement reserve of employees' defined benefit obligations insurance operations	2,934	2,124	1,511	436	
Total Equity	253,049	335,063	376,947	360,748	421,118

Total Liabilities Insurance operations Reserve and Equity

978,405 1,236,881 1,164,357 1,171,917 1,504,424

Revenues Insurance Operations

	2021	2020	2019	2018	2017
Gross premiums written	409,756	616,861	420,292	391,968	580,565

Reinsurance premiums ceded

Local	(26,743)	(30,604)	(21,537)	(12,271)	(13,328)
Foreign	(198,526)	(380,697)	(341,103)	(273,445)	(418,944)

Board of Directors' Report for the Year 2021

	(225,269)	(411,301)	(362,640)	(285,716)	(432,272)
Reinsurance excess of loss expenses					
Local	(1,874)	(818)	(360)	(270)	(263)
Foreign	(7,333)	(4,635)	(3,014)	(2,383)	(3,397)
	(9,207)	(5,453)	(3,374)	(2,653)	(3,660)
Net premiums written	175,280	200,107	54,278	103,599	144,633
Change in unearned premiums-net	(607)	(67,675)	21,122	19,282	44,274
Net premiums earned	174,673	132,432	75,400	122,881	188,907
Reinsurance commissions earned	44,202	39,872	41,233	49,640	59,251
Total Revenues	218,875	172,304	116,633	172,521	248,158
Underwriting Cost & Expenses					
Gross claims paid	264,721	151,457	153,228	212,946	366,792
Reinsurers' share of claims paid	(90,807)	(59,581)	(92,990)	(138,035)	(182,811)
Net claims paid	173,914	91,876	60,238	74,911	183,981
Change in outstanding claims-net	26,257	130	(2,346)	(10,126)	(30,785)
Change in claims incurred but not reported net	(17,735)	(6,307)	(24,053)	(5,272)	(96,010)
Net claims incurred	182,436	85,699	33,839	59,513	57,186
Premium deficiency reserve	(370)	6,988	2,306	12,888	3,170
Other technical reserves	2,798	3,774	(26,935)	29,615	(4,930)
Policy acquisition costs	23,082	16,521	9,868	13,885	18,156
Other underwriting expenses	3,296	2,790	2,549	3,278	3,513
Total Underwriting Costs & Expenses	211,242	115,772	21,627	119,179	77,095
Net Underwriting Result	7,633	56,532	95,006	53,342	171,063

Board of Directors' Report for the Year 2021

Other operating (Expenses)/Income Insurance Operations	2021	2020	2019	2018	2017
General & administrative expenses	(88,276)	(85,272)	(100,250)	(111,640)	(120,769)
Release/ (provision) for doubtful receivables	9,158	(5,823)	2,745	(11,080)	(25,928)
Investment's income	4,364	4,409	4,558	4,760	5,144
Realized (loss)/gain on investments	(848)	0	4,346	(511)	426
Other income	3,659	7,030	3,753	3,701	5,873
Total Other Operating (expenses)/Income - Net	(71,943)	(79,656)	(84,848)	(114,770)	(135,254)
Loss for the year before allocation	(64,310)	(23,124)	10,158	(61,428)	35,809

Other operating (Expenses)/Income Shareholders' Operations	2021	2020	2019	2018	2017
General & administrative expenses	(4,381)	(1,534)	(1,220)	(2,207)	(1,001)
Board remuneration	(1,972)	(1,441)	(883)	(1,225)	(1,142)
Investment's income	4,992	5,973	6,435	7,109	5,790
Realized (loss)/gain on investments		4,246	2,065	(2,421)	733
Other income			0		
Total Other Operating (expenses)/Income - Net	(1,361)	7,244	6,397	1,256	4,380

Shareholders' absorption of loss	(64,310)	(23,124)	10,158	(61,428)	35,809
Loss for the year after shareholders' absorption before Zakat & Income Tax	(65,671)	(15,880)	16,555	(60,172)	40,189

Zakat	(7,600)	(27,900)	(7,900)	(3,900)	(5,600)
Income Tax	(400)	(100)	(100)	(100)	(400)

Board of Directors' Report for the Year 2021

Net loss for the year	(73,671)	(43,880)	8,555	(64,172)	34,189
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Weighted average number of ordinary shares outstanding (in thousands in shares)	40,000	40,000	40,000	40,000	40,000
Earn (loss) per share (expressed in SAR per share)	(1.84)	(1.10)	0.21	(1.60)	0.85

Statements of Comprehensive Income/(loss) For Insurance Operations	2021	2020	2019	2018	2017
NET LOSS FOR THE YEAR	0	0	1,016	0	3,581
Items that will not be reclassified to statement of income in subsequent periods					
Re-measurement gains on defined benefit obligations	810	613	1,075	436	0
Items that are or may be reclassified to statement of income in subsequent periods					
<i>Available-for-sale investments:</i>					
- Net change in fair value of available-for-sale investments	(7,280)	3,719	1,238	(189)	(54)
- Net amounts transferred to statement of income	0	0	(1,137)	511	0
Insurance operations total comprehensive (loss)/income for the year	(4,449)	6,352	4,211	2,776	5,544

Statements of Comprehensive Income /(loss) For Shareholders' Operations	2021	2020	2019	2018	2017
NET LOSS FOR THE YEAR					
Other comprehensive loss	(73,671)	(43,880)	7,539	(64,172)	36,608
Items that will not be reclassified to statement of income in subsequent periods					

Board of Directors' Report for the Year 2021

Re-measurement gains on defined benefit obligations

Items that are or may be reclassified to statement of income in subsequent periods

Available-for-sale investments:

- Net change in fair value of available-for-sale investments	(9,153)	1,383	7,896	935	1,849
- Net amounts transferred to statement of income			(311)	2,431	(949)

Shareholders' total comprehensive (loss)/income for the year	(82,824)	(42,497)	15,124	(60,806)	37,508
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Total comprehensive (loss)/income for the year	(87,273)	(36,145)	19,335	(58,030)	43,052
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Statement of cash flows Insurance Operations	2021	2020	2019	2018	2017
Loss for the year before Zakat and income tax	0	0	1,016	0	3,581
Adjustments for non-cash items:					
Depreciation of property and equipment	3,973	2,736	2,095	1,328	1,530
Gain on disposal of property and equipment	0	0	(71)	0	0
Depreciation of right-of-use assets	3,206	2,052	0	0	0
Finance cost on lease liabilities	257	187	0	0	0
Loss on disposal of lease	83	0	0	0	0
(Release of provision) / Provision for doubtful receivables	(9,158)	5,823	(2,745)	10,976	25,928
Realized loss / (gain) on disposal of investments	848	0	(4,346)	511	(210)
Amortization of held to maturity investments	0	0	(111)	(205)	(193)
Provision for employees' defined benefit obligations	2,730	4,077	5,650	2,426	2,037
Provision for other receivables	4,572	0	0	0	0

Board of Directors' Report for the Year 2021

Total	6,511	14,875	1,488	15,036	32,673
Changes in operating assets and liabilities:					
Premiums and reinsurers' receivable	92,713	(42,977)	(29,971)	72,909	(65,705)
Reinsurers' share of unearned premiums	117,620	(71,684)	(43,164)	110,042	(19,886)
Reinsurers' share of outstanding claims	5,214	3,861	42,588	1,215	52,842
Reinsurers' share of claims incurred but not reported	11,415	(13,383)	22,756	66,884	(23,050)
Deferred policy acquisition costs	2,074	(6,201)	(745)	4,602	425
Prepaid expenses and other assets	3,764	(30,764)	9,138	6,821	(21,831)
Accrued commission income on statutory deposit	0	0	-	0	0
Policyholders' payables	18,704	(8,023)	(5,942)	10,184	(2,550)
Accrued and other liabilities	21,283	(21,424)	11,704	(41,492)	43,540
Reinsurers balances payable	(61,373)	(21,973)	56,186	(55,918)	51,081
Unearned premiums	(117,013)	139,359	22,042	(129,323)	(24,388)
Unearned reinsurance commission	(19,311)	7,225	8,474	(12,165)	600
Outstanding claims	21,043	(3,731)	(44,934)	(11,341)	(83,626)
Claims incurred but not reported	(29,150)	7,076	(46,808)	(72,157)	(72,961)
Premium deficiency reserve	(370)	6,988	2,306	12,888	572
Other technical reserves	2,798	3,774	(26,935)	29,614	(2,332)
Accrued commission income on statutory deposit payable to SAMA	0	0	0	0	0
Due to shareholders operations	(69,993)	(818)	28,793	41,756	12,622
Employees' defined benefit obligations paid	(2,179)	(2,651)	(13,118)	(4,648)	0
Zakat and income tax paid	0	0	0	0	0
Net cash used in operating activities	3,479	(40,471)	(6,142)	44,907	(121,974)
Cash Flow from Shareholders' Activities	2021	2020	2019	2018	2017

Board of Directors' Report for the Year 2021

Loss for the year before Zakat and income tax	(65,671)	(15,880)	15,539	(60,172)	36,608
Realized loss / (gain) on disposal of investments	0	(4,246)	(1,932)	2,242	(1,137)
Prepaid expenses and other assets	(184)	33	307	(107)	34
Accrued commission income on statutory deposit	(492)	(1,080)	(1,189)	(1,187)	206
Accrued and other liabilities	1,088	314	(63)	(57)	230
Accrued commission income on statutory deposit payable to SAMA	492	1,080	1,189	1,187	206
Due from Insurance Operations	69,993	818	(28,793)	(41,756)	(12,622)
Employees' defined benefit obligations paid	0	0	0	0	0
Zakat and income tax paid	(14,904)	(35,186)	(1,552)	(5,220)	(2,973)
Net cash used in operating activities	(9,677)	(54,147)	(16,494)	(105,070)	20,140
Cash Flows From Investing Activities Insurance Operations					
Short term deposits	22,656	840	(23,496)	0	136,070
Purchases of investments	0	(111,142)	(20,000)	0	(122,405)
Proceeds from sale of investments	20,559	0	184,490	180	91,755
Purchase of property and equipment	(2,749)	(6,074)	(7,201)	(563)	(1,229)
Addition to Intangible assets	(5,215)	(4,598)	71	0	0
Net cash (used in) / generated from investing activities	35,251	(120,974)	133,864	(383)	104,191
Cash Flows from Investing Activities Shareholders' Operations					
Short term deposits	0	0	0	0	74,600
Purchases of investments	0	(38,759)	(23,576)	11,283	(72,063)
Proceeds from sale of investments	0	61,831	66,968	0	70,898

Board of Directors' Report for the Year 2021

Purchase of property and equipment	0	0	0	0	0
Addition to Intangible assets	0	0	0	0	0
Net cash (used in) / generated from investing activities	0	23,072	43,392	11,283	73,435
Cash Flows From Financing Activities Insurance Operations					
Payments of lease liabilities	(3,289)	0	0	0	0
Net cash (used in) / generated from financing activities	(3,289)	0	0	0	0
Cash Flows from Financing Activities Shareholders' Operations					
Decrease in statutory deposit	0	0	13,500	0	0
Net cash (used in) / generated from financing activities	0	0	13,500	0	0
Net changes in cash and cash equivalents PH	35,711	(164,843)	127,722	44,524	(17,783)
Cash and cash equivalents, at the beginning of the year	51,356	216,199	88,477	43,953	61,736
Cash and cash equivalents, at the end of the year	87,067	51,356	216,199	88,477	43,953
Net changes in cash and cash equivalents SH	(9,677)	(31,075)	40,398	(93,787)	93,575
Cash and cash equivalents, at the beginning of the year	10,379	41,454	1,056	94,843	1,268
Cash and cash equivalents, at the end of the year	702	10,379	41,454	1,056	94,843
NON-CASH INFORMATION Total					
Net change in fair value of available-for-sale investments	(16,433)	1,383	9,134	976	494
Re-measurement gains on employees' defined benefit obligations	810	0	0	0	0

Board of Directors' Report for the Year 2021

Accounting Standards

The Company adheres to the International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia (KSA), and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountant ("SOCPA") (referred to as "IFRS as endorsed in KSA").

Approval of The Financial Statements

The annual financial statements for the year 2021 were approved by the Board of Directors on 18/08/1443 corresponding to 21/03/2021. Thus, the Board of Directors extends its sincere thanks and gratitude to all shareholders for their confidence in the company and its management