



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

مالاث
ليتامين
malath
insurance

Annual report 2023



Table of Contents

01 Malath Profile

About Malath	8
Key Highlights	12
Company Announcements	14

02 Malath Leadership

Chairman's Statement	18
CEO Message	20
Board of Directors	22
Executive Management	32

03 Strategic Report

Macro Overview	36
Business Model	40
Malath Strategy	42
Risk Management	48
Business Review	58
Financial Performance 2023	70
Sustainability	80

04 Corporate Governance

Governance Report	96
-------------------	----

01 About Malath

About Malath

08

Key Highlights

12

Company Announcements

14

About Malath

Since its inception in 2007, Malath Cooperative Insurance has established itself as a significant player in Saudi Arabia's insurance landscape, distinguished by its professional approach and custom insurance solutions.

Demonstrating remarkable adaptability and a client-centric philosophy, Malath has broadened its horizons, establishing itself as a prominent multi-line insurer.

Its extensive product range includes bespoke medical insurance for businesses, comprehensive health, motor, engineering, property, and marine hull and cargo insurance designed to cater to the varied requirements of its clients.

Our Customer's Overview

Individuals

Large Companies

Mid-sized Companies

Small Businesses

About Malath

Since its inception, Malath Cooperative Insurance, or the "Company," has consistently led the industry, evolving into one of Saudi Arabia's largest insurers.

As a Saudi joint-stock company with a capital of 500 million Saudi Riyals, Malath adheres to Royal Decree No. M/60, dated 11/10/2006 G, and Commercial Registration No. 1010231787, dated 24/04/2007 G.

Positioned among the Kingdom's leading cooperative insurers, Malath operates in compliance with Saudi Arabia's cooperative insurance laws, prioritizing the provision of comprehensive cooperative insurance products.

In line with our dedication to innovation and evolving customer needs, we provide comprehensive services through an extensive network.

This includes our headquarters in Riyadh, three regional administrations, diverse branches, a dedicated customer service centre, a specialized car claims centre, and a healthcare insurance department. To enhance accessibility, electronic platforms on the Company's website and self-serving devices play a pivotal role.

Concurrently, we explore alternative distribution channels,

collaborating with strategic partners to expand outreach. Leveraging the aggregator model on mobile apps or web portals ensures a seamless customer experience.

Under the auspices of the Insurance Authority, Malath Cooperative Insurance leads as the premier provider of Inherent Defects Insurance (IDI), aligning with the Saudi Council of Ministers' decision No. 509 of 09/21/1439 AH.

Proudly contributing to setting the standard for Saudi's construction sector and Vision 2030, Malath offers tailored coverage for clients' projects.

IDI safeguards against structural defects due to design, material, or construction faults, providing compensation for repairs, replacements, or strengthening within the 10-year coverage.

Managing the IDI portfolio, Malath earns exclusive management fees until June 24, 2025. Participating firms adhere to International Financial Reporting Standards (IFRSs), accounting for IDI portfolio elements based on their respective shares.



Vision

Pioneering a Brighter Future in Insurance

Malath Cooperative Insurance's vision is to be recognized as the most preferred insurer in the Kingdom, contributing to the nation's development and digitalization. We aspire to make cooperative insurance accessible and beneficial for a broad spectrum of Saudi citizens, underpinning our country's progress.



Mission

Enhancing Lives through Customer-Centric Insurance Solutions

Our mission is to establish Malath as a genuinely customer-centric company. We are dedicated to enhancing the lives of our customers through innovative cooperative insurance solutions. This involves continuous improvement in our services, products, and processes, ensuring they are tailored to meet the evolving needs of our clients.

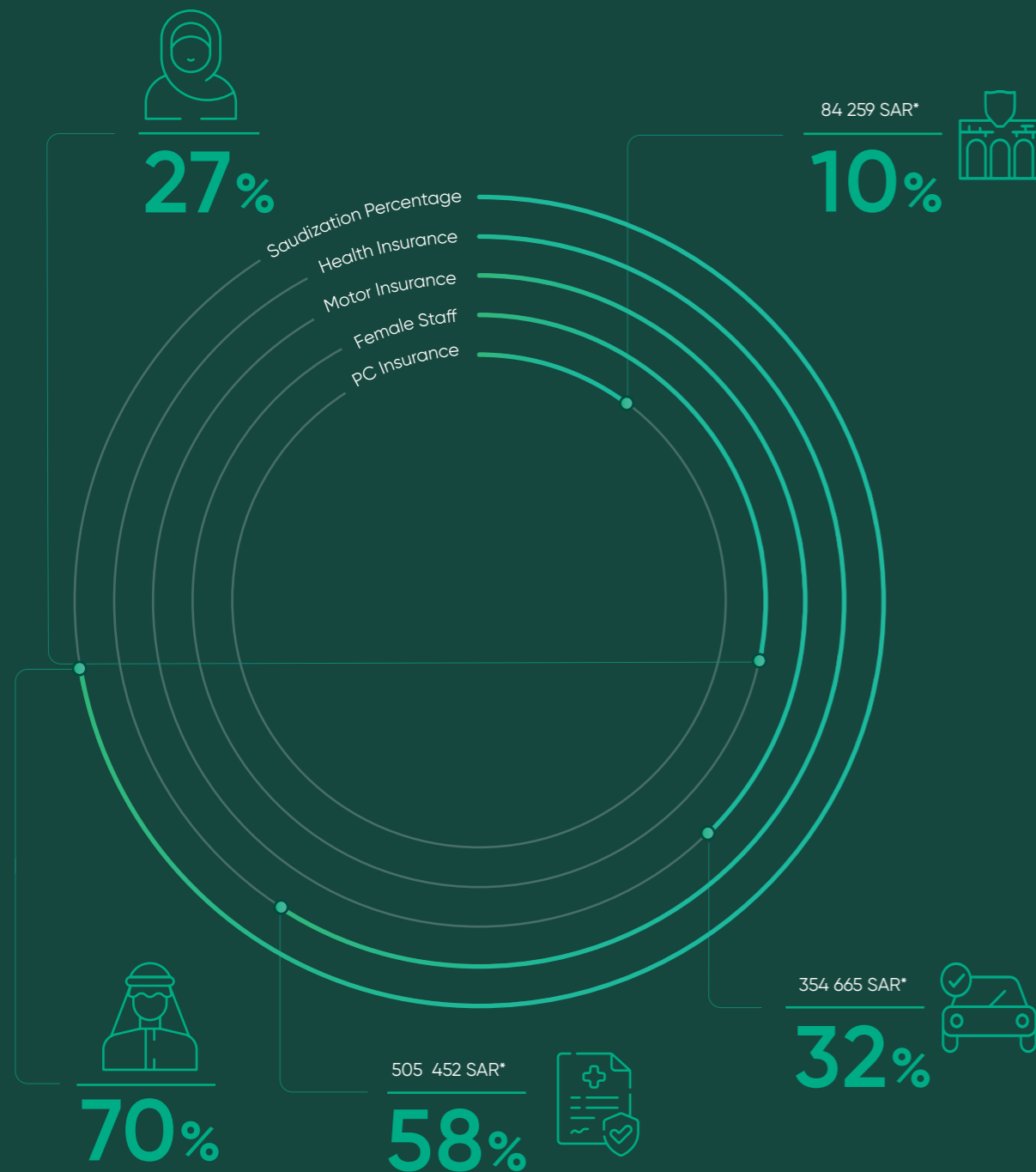


Values

The Foundation of Our Corporate Culture

Malath's culture revolves around Client Centricity, Agility, Accountability, Teamwork, Passion for Performing, and Integrity. These values guide our operations, emphasizing customer focus, adaptability, ethical conduct, and societal contribution, underlining our commitment to excellence and talent development.

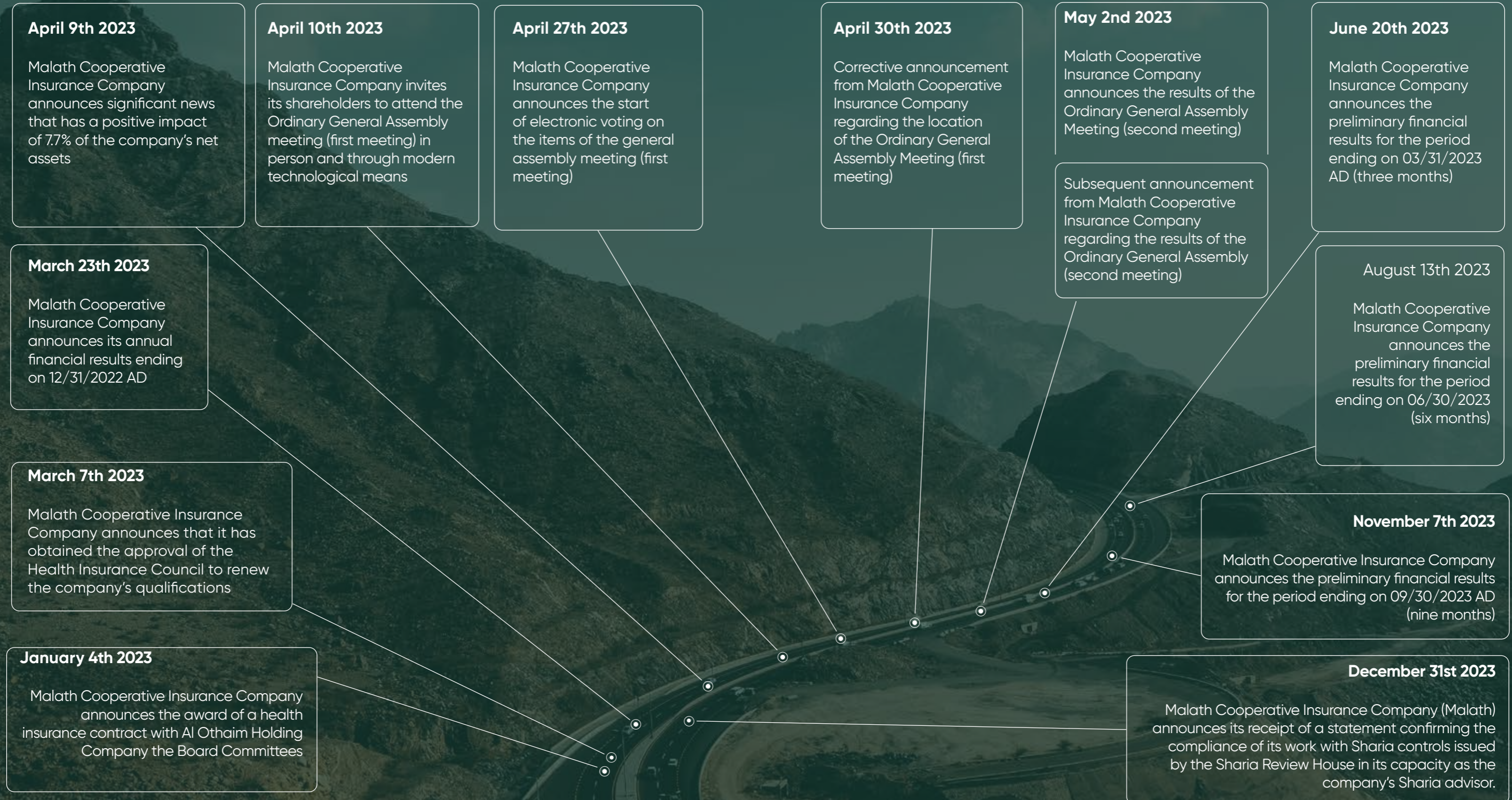
Key Highlights in 2023



Operations Data	2022	2023
Gross Written Premium	SAR 944,376	SAR 870,589
Insurance service result	SAR (38,959)	SAR 17,450
Net investment income	SAR 31,520	SAR 40,470
Net Income / loss After Zakat	SAR (41,378)	SAR 38,188
Earnings / loss per share	(0.83) Riyal	0.76 Riyal

Company Announcements

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



02

Malath Leadership

Chairman's Statement	18
CEO Message	20
Board of Directors	22
Executive Management	32

Chairman's Visionary Journey

Mr Mohammed bin Ali Al Ammari

“A Year of Triumph: Malath’s Unmatched Resilience, Commitment, and Dedication Pave the Way for Continued Excellence, Innovation, and Growth, Aligned with the Kingdom’s 2030 Vision.”



This Annual Report highlights a journey integral to the Malath Cooperative Insurance story, defined by an unyielding commitment to excellence. This commitment resonates through every aspect of our operations. Our approach, anchored in a firm dedication to achieving sustainable, ethical, and financially stable growth, propels us towards a future filled with innovative milestones and distinctive successes. We are committed to generating enduring value, promoting ongoing enhancement, upholding a robust financial structure, and delivering superior results for our investors. These elements converge to highlight the compelling investment opportunity that defines Malath Cooperative Insurance.

In navigating a challenging year fraught with global macroeconomic challenges, Malath Cooperative Insurance demonstrated unwavering focus. Striding boldly through our transformation journey, we augmented shareholder value and fortified our operations’

foundation in 2023. Actively positioning the company for future growth, we are cementing our leadership in the industry and the market, aligning seamlessly with the objectives outlined by the Kingdom’s 2030 Vision.

Malath Cooperative Insurance’s Unparalleled Performance in Underwriting Excellence

In just 16 years, Malath Cooperative Insurance has emerged as a regional powerhouse, adept at navigating risks and capitalizing on opportunities, aligning seamlessly with the Kingdom’s 2030 Vision. Guided by a partnership-based approach, regional innovation prowess, and the decision-making authority of its experts, Malath maintains an unwavering commitment to being customer-centric. The company prioritizes delivering high-quality, affordable cooperative insurance services, contributing significantly to the Kingdom’s 2030 Vision.

Our resolve remains unyielding in the face of short-term challenges, including inflationary pressures, market volatility, economic risks, and a demanding insurance marketplace. Vigilance is our watchword as we steer through these challenges, fueled by our commitment to progress and the lofty targets for the initiative. With a solid balance sheet and strategic measures, we stand fortified to counterbalance the impact of higher inflation.

Our journey of continuous improvement is a testament

to our resolute Purpose and Values, driving transformative changes across every corner of our company, influencing talent retention, digitization of operations, client relationships, and community investments. Extending beyond a single year, our commitment to change traversed various facets of the company, resonating through talent development, expense management, relationships with distribution partners and customers, regulatory engagement, transparency in communication, and investments in our communities.

As part of Malath Cooperative Insurance’s dedication to underwriting excellence, potential exposures are meticulously assessed before offering insurance coverages. This comprehensive analysis aligns with Malath Cooperative Insurance’s underwriting standards, supporting the Kingdom’s 2030 Vision.

While taking immense pride in the team’s 2023 accomplishments, it’s crucial to acknowledge the substantial journey ahead. Delivering commitments to customers and shareholders requires time and dedication. We remain steadfast in our commitment to the core values—care, commitment, community, and confidence—that guide our operations, unwavering and unchanged.

Once insured, clients engage with Malath Cooperative Insurance’s underwriting and risk consulting teams, resulting in strengthened relationships, increased

retention, and reduced claims, aligning with the Kingdom’s 2030 Vision.

Charting a Future of Collective Achievement

In conclusion, our commitment to a future aligned with the Kingdom’s 2030 Vision resonates beyond mere financial services. Malath Cooperative Insurance is a partner in progress, contributing to the nation’s aspirations. Reflecting on 2023 achievements energizes us for the opportunities ahead. A commitment to excellence, innovation, and societal well-being marks our journey. In this dynamic landscape, challenges will arise, but our resilience, adaptability, and unwavering commitment will be guiding principles.

The success we celebrate today affirms the collaborative spirit. We extend heartfelt gratitude to our valued clients, business associates, shareholders, and dedicated staff. Your trust and support are instrumental as we work towards becoming a regional-class insurance provider and financial services, aligning with the Kingdom’s 2030 Vision.

We express gratitude and recognize that continuous improvement is vital to sustained success. Committed to enhancing services, adopting innovative practices, and contributing to the socio-economic fabric of our communities, we extend thanks and look forward to a future of growth, resilience, and collective achievement.

CEO's Address Symphony Unfolding

Mr Fawaz Bin Abdul Rahman Al-Hijji

“At Malath Cooperative Insurance, we always prioritize innovation and excellence in our products and services to support the goals of the Kingdom’s vision for the insurance sector.”

In the year 2023, we achieved and overcame challenges by the grace of God Almighty. Today, we are determined to establish stable foundations that will propel our future aspirations through our strategic vision. We will enhance and diversify our insurance products according to a set path toward progress and prosperity.

We are grateful to Allah for the success of Malath Cooperative Insurance in achieving its highest annual profits. The company’s commitment to risk management and governance has led to the attainment of strategic goals; the implementation of digital transformation and significant investments in technology have not only enhanced our service excellence but also improved expense management and reduced the loss ratio for subscribed documents.



Our unwavering commitment to innovation drives us to continually implement new accounting standards and transition to a new financial and accounting system. This ensures greater flexibility and quality in applying international accounting standards. In addition, we have proudly launched the Zed Insurance product, offering unmatched facilities and monthly payments for third-party insurance owners.

This initiative allows the largest segment to benefit from Malath Company's exceptional services. Furthermore, we have spearheaded groundbreaking initiatives such as the Telemedicine application, the mobile doctor service, and the essential home vaccination service.

Our future vision is centered on expanding and diversifying our business while maintaining our commitment to providing exceptional service.

We are dedicated to exploring innovative solutions and venturing into sectors that will enhance our cash flow. Malath Cooperative Insurance takes pride in our achievements and the challenges we have conquered. We are unwavering in our pursuit of excellence, innovation, and value creation for our esteemed shareholders.

In conclusion, I wish to convey my heartfelt thanks and appreciation to our esteemed work team for their exemplary performance and exceptional efforts throughout 2023. On behalf of my colleagues, I extend our gratitude to our shareholders for their unwavering trust in us.

We eagerly anticipate a year filled with success and accomplishments in 2024, with the hope that it will be a year full of achievements, Allah willing.



Mr Mohammed Ali Al Ammari

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

● Current Positions

- Chairman of Malath Cooperative Insurance Company

● Previous Positions

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

● Qualifications

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

Board of Directors

Mr Bader Bin Ali Al Ali

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

● Current Positions

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

● Previous Positions

- CEO of Najm Insurance Services Company
- Consultant in SAMA

● Qualifications

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

Board of Directors

*On February 6, 2024, the company received no-objection from the Insurance Authority to appoint Mr. Badr bin Ali Al-Ali as Chairman and Mr. Mohammed Ali Al-Amari as Vice Chairman

Mr Amr bin Abdul Razaq Alnemari

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

- **Current Positions**
 - Board Member of Malath Cooperative Insurance Company
 - Vice CEO of Sports Boulevard
- **Previous Positions**
 - CFO at the National Real Estate Registration Services Company
 - CFO at the KAFD Development & Management Company
 - Head of Financial Affairs at the Tawuniya Insurance Company
 - Director of Financial Operations at BAE Systems
 - Member of the Financial Committee of the Executive Insurance Committee under the supervision of the Central Bank of KSA
 - Cost Controller at Aljomaih Automotive Company
 - Treasury Manager at Nass Company
- **Qualifications**
 - Bachelor of Accounting at King Abdulaziz University

Mr Amr bin Abdul-lah bin Shalhoub

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

- **Current Positions**
 - Board Member of Malath Cooperative Insurance Company
 - Deputy Director of the Central Region for Executive Offices of the Civil Aviation Holding Company
- **Previous Positions**
 - Director of the Individuals Sales Unit at Allianz Saudi Fransi Insurance Company
 - General Manager of Waad Insurance Agency Services Company
 - Individual Sales Manager of Amana Insurance Company
 - Senior Product Manager at Riyadh Bank Company for the Insurance Agency
- **Qualifications**
 - Bachelor of Business Administration - USA

Mr Fawaz bin Abdul Rahman Al-Hijji

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

● Current Positions

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

● Previous Positions

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

● Qualifications

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

Board of Directors

Mr Mamdouh bin Saud Al Sharhan

Independent

● Current Positions

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

● Previous Positions

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

● Qualifications

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

Board of Directors

Mr Yasser Rasheed Al-Rasheed

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

- **Current Positions**

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

- **Previous Positions**

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

- **Qualifications**

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

Board of Directors

Mr Abdul Hamid Abdulaziz Al-Ohali

Independent / Chairman of Risk Committee

- **Current Positions**

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

- **Previous Positions**

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

- **Qualifications**

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

Board of Directors

Board of Directors

Mr Muhammad Abdullah Al-Jumaa

Independent / Chairman of Nomination and Remuneration Committee

- Current Positions
 - Board Member of Malath Cooperative Insurance Company
 - Head of the Governance Team at the General Administration of Governance at Saudi Telecom Company
 - Legal advisor for governance affairs at the General Secretariat of the Board of Directors at Saudi Telecom Company
 - Legal advisor to the General Administration of Governance at Saudi Telecom Company
 - Administrative assistant in preparing regulations for board committees at Saudi Telecom Company
- Previous Positions
 - Supervisor and consultant for contract management in procurement at Saudi Telecom Company
 - Legal advisor in the General Administration of Mergers and Acquisitions at Saudi Telecom Company
- Qualifications
 - Postgraduate Diploma in Legal Practice – Al Imam Mohammed bin Saud
 - Master in legal from East London University
 - Commercial law diploma from London University
 - Diploma in Management and Public Relations from Victoria University
 - Bachelor degree in law from King Saud University
 - Information Technology Diploma from Technical and Vocational Training Corporation

Audit Committee Members (From outside the Board of Directors)

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

Executive Management

Mr Fawaz bin Abdul Rahman Al-Hijji

Current Positions

- CEO and Managing Director

Previous Positions

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

Qualifications

- Master of Business Administration from St. Gallon University

Experience

- More than 24 years of experience in the insurance sector

Mr. Abdullah Yusef Al-Hussaini

Current Positions

-Chief Financial Officer
Member of insurance authority of CFO Committee
Secretary of the board of director and executive committee

Previous Positions

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

Qualifications

-Bachelor's degree in accounting from King Saud University,
Certified Public Accountant "SOCPA" , Certified fraud examiner "AFCE"

Experience

-More than 9 years of experience in internal and external audit and financial management



Mr Tariq Saleh Al-Ghamdi

Current Positions

- Executive Vice President - Property and Accident Insurance

Previous Positions

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

Qualifications

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

Experience

- Over 30 years of experience in the insurance sector

Mr Ahmed Mohamed Al-Rakaf

Current Positions

- Executive Vice President - Health & Life Insurance

Previous Positions

- Executive Director - Health Insurance Product Development and Quality Assurance

Qualifications

- Master of Human Resources Management from Al-Yamamah University

Experience

- More than 11 years of experience in health insurance

03

Strategic Report

Macro Overview	36
Business Model	40
Malath Strategy	42
Risk Management	48
Sales Development	58
Financial Performance 2023	70
Sustainability	80

Macro Overview



Saudi Arabia is steadfastly pursuing a comprehensive reform agenda aimed at broadening the economic base, fostering greater societal engagement and global connectivity, and establishing an accountable, efficient government, all in line with the ambitious Vision 2030 plan.

Market Overview and Vision 2030

Vision 2030 and Economic Diversification Efforts in Saudi Arabia

Saudi Arabia is steadfastly pursuing a comprehensive reform agenda aimed at broadening the economic base, fostering greater societal engagement and global connectivity, and establishing an accountable, efficient government, all in line with the ambitious Vision 2030 plan.

Saudi Arabia's Economic Performance in 2023

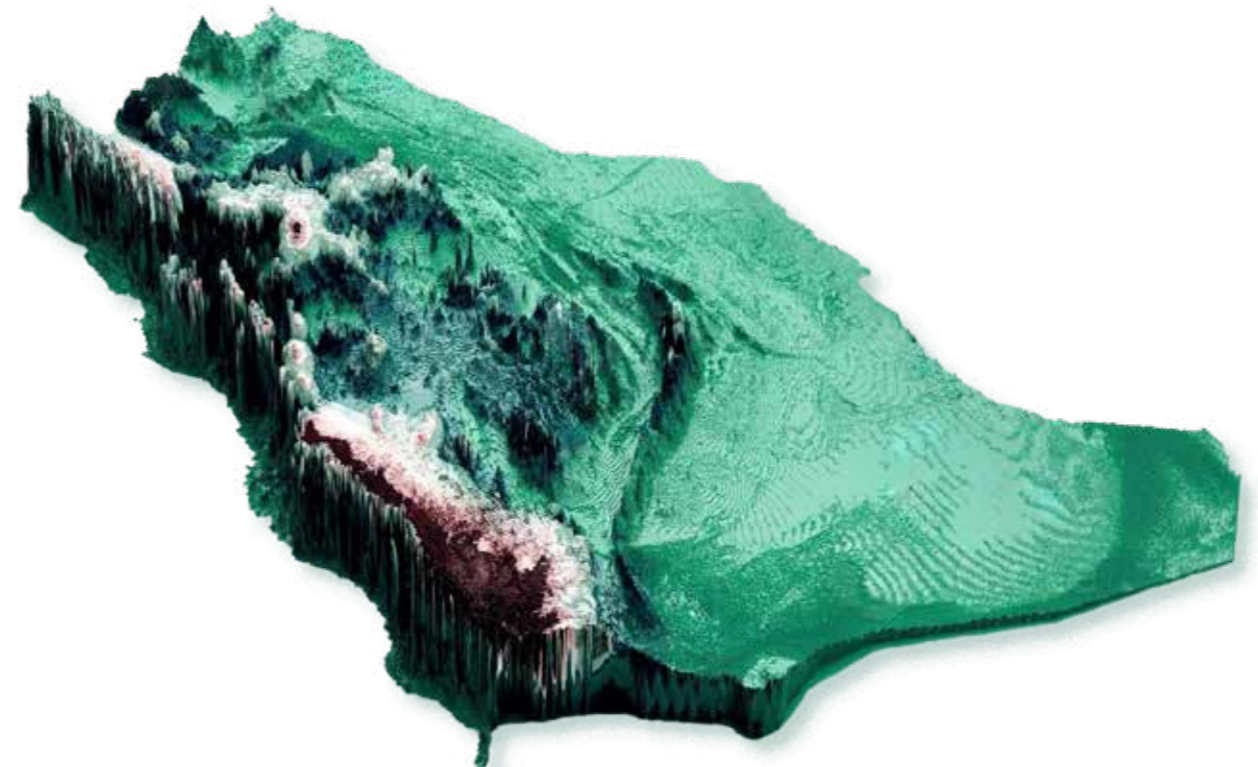
In Q4 of 2023, Saudi Arabia recorded a year-on-year GDP decrease of 3.7%. Despite this, there was a consistent rise in activities

across the non-oil and government sectors. The overall economy saw a contraction of 0.9% in 2023, following a remarkable expansion of 8.7% in 2022.

The forecast for 2024 suggests a growth of approximately 1.5% in the economy, with the non-oil sector anticipated to grow by 3% to 4%.

Consumer Market and Financial Health

Consumer spending saw a significant jump, and SAMA's foreign reserves increased to \$438 billion, contributing to the Kingdom's financial stability and investment confidence.



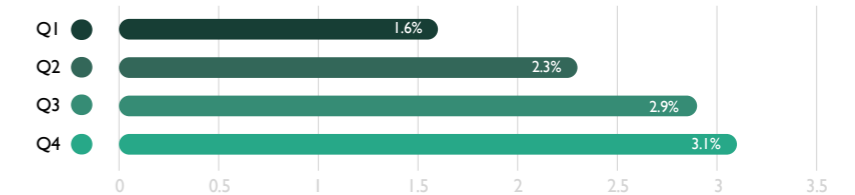
Monetary Indicators and Insurance Sector Implications

The money supply and total bank deposits showed healthy growth. In November, there was a notable 7.4% year-on-year increase in the money supply, represented as M3, alongside a 7.5% rise in the total bank deposits, likely influencing investment capacity and credit availability in the insurance sector, including for Malath Cooperative Insurance.

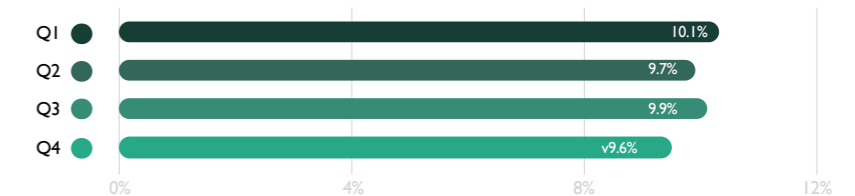
Labor Market and Employment Trends

The non-oil private sector employment growth in Saudi Arabia slowed, with the unemployment rate among citizens slightly rising to 8.6% in Q3 of 2023.

2023 Inflation



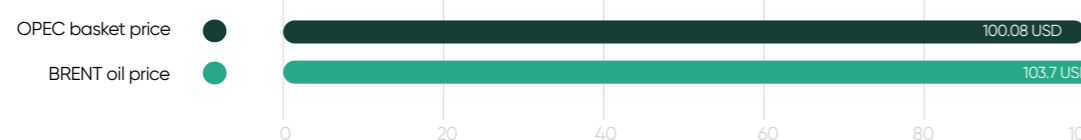
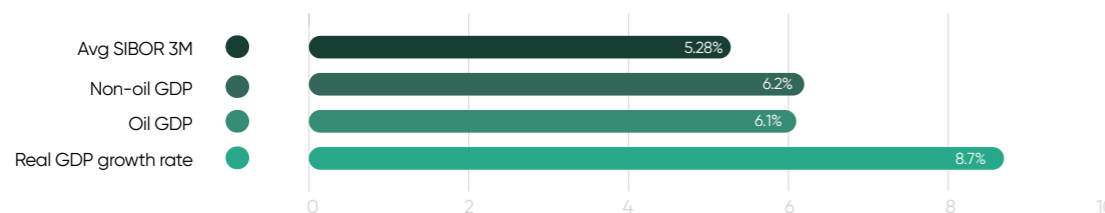
2023 Unemployment Rate (Saudis)



Oil Market Dynamics

The oil market witnessed a 6% decrease in Brent and WTI benchmarks in December. However, the anticipated increase in oil demand in 2024 suggests a positive scenario for oil prices, indirectly benefiting the broader economy and the insurance sector.

GDP Growth 2023



Macro Overview

(continued)



Streamlined processes of the maturity government reflect positively on Malath in strengthening financial inclusion and building on the expanding customer base.

Inflation and Pricing Strategies in Insurance

Moderate inflation with a 1.7% rise in consumer prices indicates manageable cost pressures, critical for formulating pricing strategies in the insurance sector.

Navigating Regulatory Changes

In 2023, the Saudi insurance sector, including Malath Cooperative Insurance, adapted to significant regulatory changes, particularly the transition from SAMA to the new Insurance Authority. This change required agility and strategic response to frequent regulatory updates.

2024 Outlook and Strategic Positioning

The forecast for 2024 and beyond looks promising, with potential growth opportunities in the insurance sector. The expected stabilization in the oil market, coupled with sustained consumer spending and financial health, provides a positive outlook for Malath Cooperative Insurance and the Saudi Arabian insurance industry.

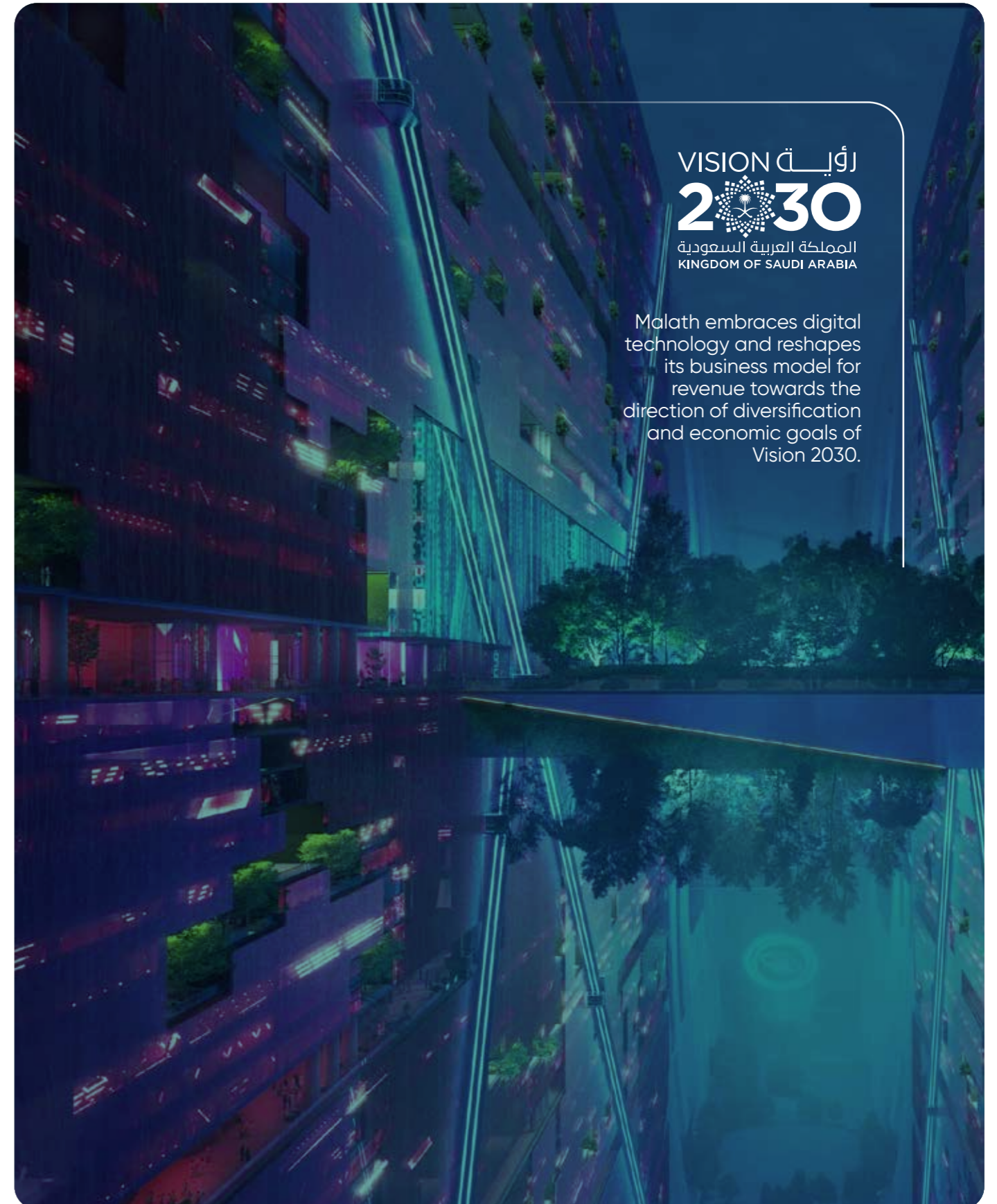
Operating environment

The ICT transformation in the country has a tremendous effect on Malath, ensuring operational efficiency within a robust digital ecosystem.

Maturity in public investment management strengthens growth in Malath's activities in a stable economic environment. The maturing government identifies digital literacy as the noteworthy enabler, whereas commercial advancement in cybersecurity provides conducive conditions for Malath to follow its journey of continuous growth.

Saudi Arabia's labour reform resonates with Malath's objectives, stressing workforce scaling and reduction in wage premiums. Initiatives like the Human Capital Development Program optimize costs, enhancing competitiveness.

Malath embraces digital technology and reshapes its business model for revenue towards the direction of diversification and economic goals of Vision 2030.



Business Model

Malath's business model is firmly based on creating sustainable value for all stakeholders, including customers, employees, shareholders, and the communities in which they operate. The core strategic objective revolves around developing insurance products and services that empower customers to manage and transfer their risks effectively.



The Approach

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



Inputs

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



Value Proposition

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



Malath demonstrates unwavering dedication to customers, partners, and investors by reinvesting a portion of its profits into the business, human resources, and community initiatives. This commitment reflects a holistic approach to business operations, ensuring that benefits extend beyond financial gains.



Services & Features

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



Facilities

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



Value Creation

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

Malath Strategy

Digitalisation Stewardship

Malath Cooperative Insurance is at the forefront of digital transformation, introducing innovative services to elevate customer experience and streamline operations.

The company has introduced various initiatives, including improving the customer-centric application, creating unified client profiles, and simplifying health claims submission, demonstrating Malath's commitment to technological advancement.

These contribute to a comprehensive digital ecosystem for claims processing, providing a more diverse range of services and enhancing the customer experience.

Medical and General now constitute a significant portion of Malath's portfolio. To keep up with the rapid digitalization, Malath is actively enhancing its digital capabilities and addressing cybersecurity and data management issues.

The company collaborates with other organizations to upgrade its capabilities, ensuring continued leadership in the dynamic digital landscape.



A Balanced Products & Services Portfolio

Malath Cooperative Insurance follows a proactive divestiture strategy focusing on asset reallocation to promote long-term growth and value creation.

The company prioritizes maintaining diverse services and strong third-party relationships to minimize disruptions and maximize value while adhering to core values.

This approach has resulted in a well-balanced and financially strong business with a trusted brand. By annually assessing its portfolio, Malath can maintain a balanced business across



Malath has also developed strategic solutions such as the TeleMedicine app and the new Approval Model.



A Trusted Brand with Talented People

Malath places a great emphasis on human resources, viewing it as a tangible asset that is crucial to the company's success.

The company focuses on creating a client-centric approach to human capital management and is committed to optimizing the entire employee life cycle. Malath believes that talent management is key to productivity, quality, and adaptability and recognizes human capital as a critical competitive advantage.

To achieve this, the company plans to offer eLearning programs and mandatory workshops that will continu-

ously reskill their workforce, ensuring that employees receive comprehensive development and reinforcing the company's trusted brand.

regions and product lines, successfully navigating economic fluctuations. Through disciplined divestiture, Malath streamlines operations, doubling shareholder value and transforming into a top-tier leader in health insurance.

The company has set strategic goals to become a property and casualty insurance leader while responsibly meeting investor expectations by simplifying its business



Malath Strategy

(continued)

Regional Presence and Profitability Growth Balance

This approach helps the company impact regional and national markets, leading to profitability growth and adaptability at different geographic levels. Malath's strategy is to focus on subsegments that show momentum, ensuring growth potential above industry averages.

The company achieves balanced business growth and value across channels through customer-centric



strategies, effective compliance, and risk management. Malath emphasizes a diversified portfolio, coherent branding, and consistent communication across regions to become the preferred insurer in Saudi Arabia.

The company is also future-ready, with intelligent, digitally enabled operations prioritising balanced profitability growth and a strong regional presence.

Leadership in Medical

In 2023, Malath Cooperative Insurance achieved a significant 30% growth in its Medical business, reinforcing its position as the preferred health benefits insurer. This growth highlights the trust that clients and partners have placed in Malath.

The company leads health-care innovation with initiatives such as the Telemedicine app and home vaccination services, demonstrating its adaptability to market trends.

Diversification in Medical and General portfolios reflect strategic foresight. The incorporation of cutting-edge tools and the



This will be a game-changer in the industry and will help Malath stand out from the competition.



Growth in Motor & General

Malath Cooperative Insurance has set its sights on a bright future in 2023. The company has strategically focused on the Motor and General insurance sectors and is actively engaging with more motor sector aggregators.

establishment of a medical insurance ecosystem demonstrate forward thinking.

Malath provides various delivery methods to cater to diverse customer needs, including onsite, teleconsultation, and home services. Membership perks, instant quotations, and policy issuance emphasize Malath's customer-centric approach.

Overall, Malath's growth, commitment to technology, and innovative strategies position it as a leader in healthcare, showing its adaptability and positive impact on customer experience.

This will ensure that Malath's clients receive the best possible coverage in the market. Malath is introducing a new product called (ZED) For Own Damage (OD). to improve its offerings. The product further offers comprehensive coverage with monthly instalment options, making it easier for clients to get the needed coverage.



This means that clients are covered for any unforeseen incidents on the road. Malath is actively participating in compulsory motor insurance, adhering to the terms of the Unified Compulsory Motor Insurance Policy.

In 2023, the Motor portfolio will reflect adjusted risk appetite and engagement with aggregators, showcasing Malath's strategic agility amid intense competition.

Strategic Initiatives for 2024 and Beyond:

Malath is committed to maintaining steady growth and enhancing profitability through the Profitability Growth Balance approach, ensuring sustainable financial success.

Malath's key focus is diversifying its portfolio, which allows the company to navigate various market conditions and cater to a broader range of client needs.

Malath aims to strengthen its regional presence, exploring opportunities beyond existing markets to tap into new regions and markets.

Malath prioritizes the development of its human capital by investing in training workshops that emphasize leadership values. The goal is to attract and nurture Saudi talent at the managerial level.

The company remains a pioneer in digital transformation, continuously focusing on leading the market in digital initiatives. This includes robust digital services, expansive sales outreach, and seamless integration with regulatory and operational vendors.

Staying ahead of the competition remains a core objective. We are committed to delivering exceptional services that exceed customer expectations.

Malath seeks to build a strong and recognized presence in the medical insurance sector, establishing itself as a reputable brand in healthcare coverage.

Recognizing the importance of small and medium enterprises (SMEs), Malath plans to expand its sales network dedicated to serving the unique needs of SME clients.

Malath strives to elevate its e-sales solutions by broadening its digital presence through diverse channels, including kiosks and E-branches, and fostering collaborations with additional aggregators.

The company plans to introduce and develop specialized products tailored to small and medium enterprises (SMEs) and retail customers, addressing their unique insurance needs.

Staying ahead of the competition remains a core objective. We are committed to delivering exceptional services that exceed customer expectations.

These strategic developments underline Malath's forward-looking approach, blending innovation, market responsiveness, and a commitment to excellence in service delivery and product offerings.



Risk Department



Risk Management

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

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

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

Risk Policy

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

Risk is managed through a process of ongoing identification, measurement, and monitoring. Malath aims to ensure that there is no event or a range of events that may cause a contrast in the result not in line with its risk endurance ability which means constantly enhancing the efficiency of risk management.

Risk Management Framework

The First Line of Defence

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

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

The Second Line of Defence

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

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

The Third Line of Defence

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

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

The Board/C-Level

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

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

Risk Department

(continued)

Risk Management and Controls

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

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

In 2023, Malath focused on operational risks and their controls, enhanced risk management activities, and compliance with the regulations of the Insurance Authority (IA).

Strategic Risk

Strategic risks entail the misalignment of strategies with market dynamics and the Company's capabilities. Malath employs a robust risk management framework, analysing macroeconomic conditions, regulatory impacts and market shifts.



The Board of Directors ensures adaptive responses to regulatory changes and technology trends, safeguarding the Company's reputation and brand. In 2023, Malath adeptly executed strategic risk management plans in line with regulatory requirements.



Financial Risk

1. Liquidity Risk

Malath manages liquidity risk by regularly assessing obligations related to financial liabilities like outstanding claims, reinsurance balances, and payables.

With a comprehensive liquidity risk policy, the Company monitors requirements monthly, ensuring ample liquid funds for timely commitments.

Liquid assets, including cash flows, equivalents, and investments, form a strategic part of Malath's approach to effectively address liquidity challenges.

2. Credit Risk

Credit risk involves potential losses due to declining asset values, primarily loans and bonds, stemming from a counterparty's financial deterioration.

Malath addresses credit risk concentration by conducting underwriting activities exclusively in Saudi Arabia. Rigorous transaction scrutiny, credit ceiling establishment, and ongoing monitoring mitigate excessive concentration.

The Company leverages statistical analysis to calculate potential risks and losses in the overall portfolio, enhancing its ability to navigate challenging financial conditions in credit risk counterparties.

3. Market Risk

Market risk involves potential losses from declining asset and liability values due to interest rates, exchange rates, or stock price fluctuations.

Malath manages this risk by setting and monitoring investment limits for different assets, emphasising diversification.

Using statistical analysis, the Company calculates potential risks and losses to ensure they stay within acceptable bounds.

Policies, limits, and strategic asset allocation guide Malath in centralising risk management and maintaining consistency in portfolio construction.

The Business Continuity Plan (BCP) addresses operational risks and strengthens the overall risk management strategy.

Risk Department

(continued)

Operational Risk

Malath's robust operational risk management framework identifies and monitors risks from organisational, systems, and process failures, as well as external events. The model focuses on legal risks while excluding those related to strategic decisions or reputation.

With a key goal of understanding and mitigating operational failures, the economic capital model aims to formulate effective response strategies.

This approach seeks to balance financial loss prevention and reputation protection while aligning with the overarching objective of generating returns for investors.

Technological Risk

In 2023, Malath faced significant technological risks, particularly from IT system transformations and cyber threats, impacting its operations and financial performance.

The Company combats these risks with proactive assessment, multi-layered security, and compliance checks.

Ongoing strategies include strengthening security measures, comprehensive education, and expert collaboration, which are essential for mitigating risks associated with technological advancements and ensuring operational and financial stability.

Human Resource Risk

HR risks encompass the entire employee lifecycle, including selection, management, and dismissal.

Managing these risks involves addressing factors like limited experience, unethical behaviour, turnover control, absence of succession planning, high labour costs, and conflicts of interest.

The HR department plays a pivotal role in organisational development, staffing, recruitment, onboarding, training, and fostering a positive employee experience.

Reinsurance Risk

Reinsurance risks for the Company involve potential issues with reinsurers failing to fulfil reinsurance contracts. To minimise financial exposure from large claims, the Company regularly engages in reinsurance agreements.

Mitigating reinsurance credit risks includes setting self-retained risk limits effectively, assessing reinsurer information in compliance with regulations, and internally rating reinsurers for creditworthiness. These measures ensure the Company transfers risks to financially stable reinsurers and maintains regulatory compliance.

Relationship Management Risk

Customer Relationship Management (CRM) risk arises from the absence or precarious implementation of CRM software.

CRM is crucial for insurance industry growth, and to mitigate this risk, Malath employs a robust CRM system fostering solid business relationships.

The technology qualifies leads, streamlines functions, satisfies customers and boosts profits.

Managing relationship risk has brought successes like diversity, improved financials, and enhanced employee operations to the Company.

Sales & Marketing Risk

Sales and marketing risks encompass potential losses in various marketing aspects, including pricing, product development, promotion, distribution, branding, customer experience, and sales.

Failures in sales can significantly impact the Company's financial performance.

To enhance sales and marketing risk management, Malath employs activities like using clean data, cross-functional alignment, reviewing performance management, and ongoing education.

These measures contribute to a more robust approach to mitigating risks in the sales and marketing domain.

Claims Management Risk

Claims management risks within the Company involve inaccuracies or incompleteness in case reserves and settlements, poor service quality, and excessive handling costs.

To address these risks effectively, Malath adopts best practices, including developing a clear understanding of customers to set claims review objectives, fully comprehending and accounting for the impact of claims on insurance programs, and selecting claims for review in alignment with objective.

These practices enhance the overall effectiveness of claims management and mitigate associated risks.

Product Risk

Product risk involves changes to existing products to meet client needs and enhance market competitiveness.

Alterations may impact product coverage and requirements, introducing risk to safety in developing new insurance products or settling existing ones.

The exposure in this category emphasises the importance of carefully managing product modifications to ensure alignment with client expectations and market demands while maintaining safety standards throughout the process.

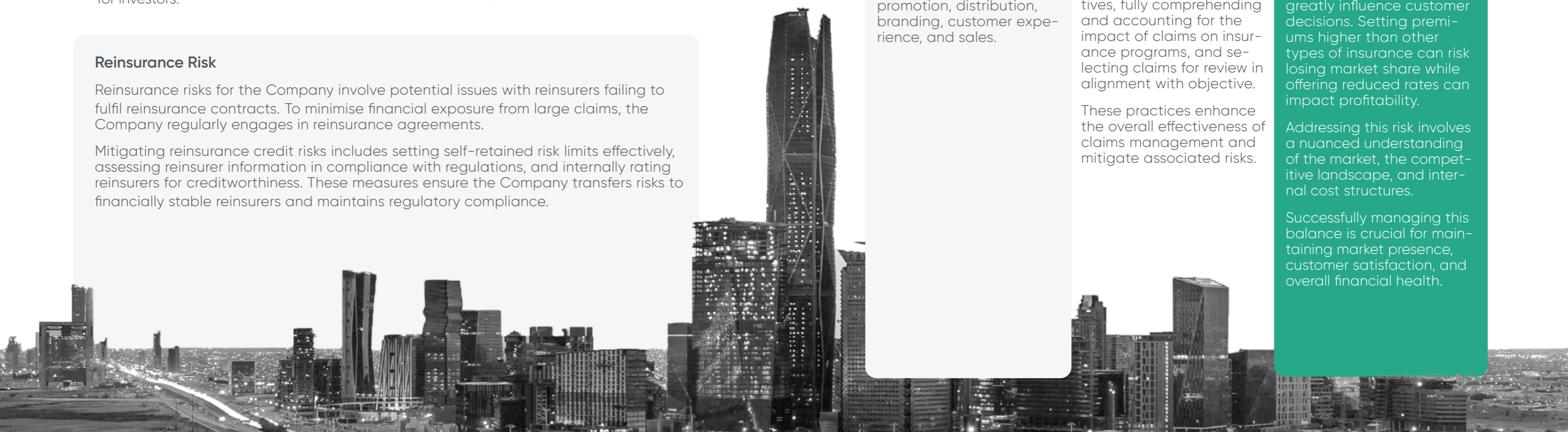
Pricing Risk

The primary challenge in managing pricing risk lies in navigating the competitive landscape.

Malath operates in a market where pricing can greatly influence customer decisions. Setting premiums higher than other types of insurance can risk losing market share while offering reduced rates can impact profitability.

Addressing this risk involves a nuanced understanding of the market, the competitive landscape, and internal cost structures.

Successfully managing this balance is crucial for maintaining market presence, customer satisfaction, and overall financial health.



Risk Department

(continued)

Underwriting Policy Risk

Insurance underwriting risk poses potential losses if economic conditions, insured events, investments, and operational expenses deviate from premium predictions. Insurers must responsibly manage long-term risks, setting reasonable premiums for stable claims payment.

This involves effective risk control and thorough assessment of insured conditions during underwriting to ensure coverage responsibilities are met.



The challenge lies in accurately predicting and managing diverse factors over extended periods to maintain financial stability and fulfil commitments to policyholders.

Legal Control Risk

Malath adheres to the Co-operative Insurance Companies Control Law and its regulations in Saudi Arabia. The law dictates parameters such as business lines, capital requirements, claims size, investments, and technical standards.

Changes in insurance laws could impact Malath's business, finances, and operations. The Saudi Central Bank oversees insurance companies, holding the authority to approve permits, modify them, and approve insurance products.

Non-compliance risks fines or penalties, negatively impacting Malath's business, financial performance, and sustainability.

Regulatory Requirements and Legal Risks

Insurance processes at Malath are supervised and controlled by the the insurance authority and the Council of Cooperative Health Insurance (CCHI) through respective regulations.

These regulations ensure approval processes, activity monitoring, and adherence to standards such as capital adequacy. Compliance reduces deficit and bankruptcy risks, enabling timely settlement of unforeseen liabilities.

Malath is committed to enhancing internal systems continually, aligning with evolving regulatory standards to safeguard insurer and investor interests in a regulated insurance environment.

Anti-money Laundry and Terrorism Funding Risk

The Company is aware that the insurance sector is exposed to money laundering and terrorism funding by different insurance processes, which requires the development of policies and applications regarding the acceptance of any client and the due procedures stipulated in the related regulations.

As such, the Company has established an internal electronic system to follow up on the regulatory requirements.



Competitiveness Risk

Malath's operations in the Saudi market are influenced by the competitive landscape shaped by 28 licensed insurance companies.

The entry of foreign companies adds to the robust competition, impacting Malath's prospects.

Effective advertising is crucial to maintaining market share. To counter this, Malath expands sales channels, including E-sales, embracing innovation in sales, claims, and customer service to align with technological advancements and customer expectations, ensuring accessibility for all citizens and residents.



Risk Department

(continued)



Malath's Strategic Approach to Enhanced Risk Management and Compliance in 2023

In 2023, Malath focused on improving its risk management practices by addressing the challenges in pricing risks and technological risks while complying with the regulations of the Insurance Authority (IA).

This was part of Malath's commitment to identifying, evaluating, and controlling a range of risks to develop a refined risk management framework that aligns with the company's risk culture. The key areas of focus included:

Pricing Risks:

Malath recognized the need to manage pricing risks effectively due to fluctuating market dynamics and global affairs. These risks, influenced by factors such as SIBOR changes, can significantly impact the company's financial stability. To manage these risks, Malath analysed macroeconomic conditions and regulatory impacts to anticipate and respond to pricing shifts.

Technological Risks:

Malath placed a high emphasis on managing technological risks due to the rapid pace of technological advancement and its regulatory implications. The Board of Directors played a vital role in ensuring the company's adaptability to these changes, thereby protecting its reputation and brand integrity.

Malath's comprehensive risk management framework not only tackled traditional operational risks but also focused on these specific challenges.

By analyzing investment performances and their impact on profitability and diversifying investments, Malath aimed to create a balanced portfolio to mitigate risks. This approach was aligned with the company's plans to optimize returns and manage potential risks effectively.

Overall, Malath's strategic execution of its risk management plans in 2023 aimed to address the unique challenges posed by pricing and technological risks, align its strategies with regulatory demands, and preserve its reputation and brand.



Implementation of New Accounting Standards (IFRS 17 and IFRS 9) by SOCPA

We are delighted to announce that Malath Cooperative Insurance has achieved significant milestones by successfully implementing the International Financial Reporting Standards IFRS 17 and IFRS 9, endorsed by the Saudi Organization for Certified Public Accountants (SOCPA).

These standards mark two of the most significant changes in global financial reporting. The adoption of IFRS 17 and IFRS 9 aims to enhance the comparison process, ensuring a more standardized and transparent approach to financial reporting. This implementation will increase transparency in our financial reporting, offering stakeholders more precise insights into our financial performance.

We are committed to educating key stakeholders.



Risk Department

Business Continuity Management System (BCMS) Project is an initiative undertaken by Malath to ensure that any disruptions to business operations and supporting facilities are minimized.

The primary objective of this project is to ensure that business functions continue to run smoothly even in the event of a disaster.

Malath has an integrated emergency plan as part of its risk management system. The emergency plan includes a detailed framework for responding to disasters, including evacuation procedures, communication protocols, risk mitigation strategies, and data backup and recovery plans.

Malath recognizes the importance of a comprehensive business continuity plan to ensure the continued success of the company. The company has taken a proactive approach to identifying and mitigating potential risks by conducting regular risk assessments and implementing appropriate measures to minimize the impact of any disruptions to business operations.

The company remains committed to ensuring the safety and well-being of its employees and clients while maintaining the highest level of service delivery during any unforeseen circumstances.

Sales Development

Malath Cooperative Insurance's success is deeply rooted in its financial strength, operational efficiency, and strategic positioning, allowing the company to navigate the insurance landscape confidently and consistently deliver value to its stakeholders.

Malath Cooperative Insurance serves thousands of private and corporate customers. The head office of Malath Cooperative Insurance, Malath's central hub, is in Riyadh, Saudi Arabia.

The organizational structure of Malath Cooperative Insurance is designed to reflect its diverse business segments and geographical reach.

Business activities are strategically organized by product type and service, encompassing insurance, asset management, corporate, and other activities.

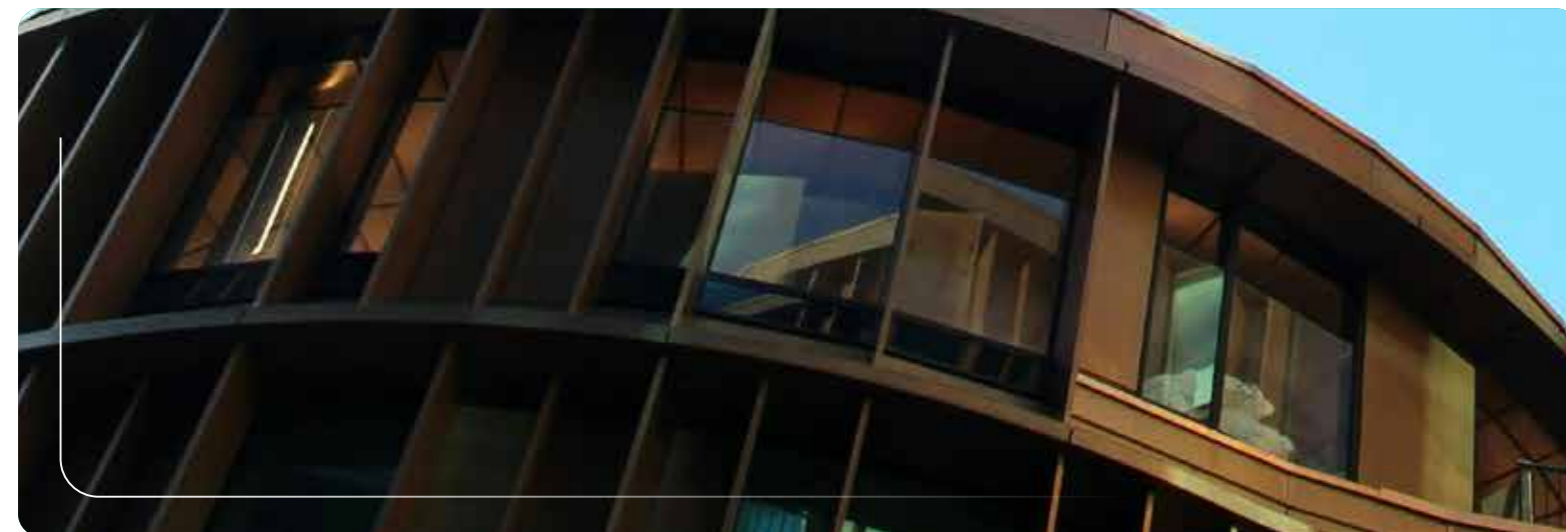
Malath Cooperative Insurance categorizes its activities into three main areas: Health, Motor, and Property & Casualty.

This classification is based on each product type's distinct features, associated risks, and specific capital allocation needs.

In alignment with the Board of Management's oversight responsibilities, each insurance category is organized into regional segments for reporting purposes. As of 2023, Malath Cooperative Insurance operated with many reportable segments.

Additionally, the corporate and other business segments at Malath Cooperative Insurance play a crucial role in managing and supporting the company's various business units.

This includes overseeing central company functions and focusing on digital investments. These company functions are integral to Malath Cooperative Insurance's operations, encompassing strategic planning, risk management, corporate finance, treasury, financial reporting, controlling, and communication.



This strong capital base positions us to withstand market fluctuations and capitalize on emerging opportunities. Strategic positioning aligned with regional market demands and trends demonstrates our adaptability to the evolving landscape.

Furthermore, these functions also cover essential areas such as legal, human resources, technology, and other vital operational aspects, ensuring a cohesive and efficient management of the company's diverse business portfolio.

This was a transition driven by solid performance in main business segments, including Medical, Motor, Property-Casualty.

Our commitment to operational efficiency is evident in maintaining low administrative expenses.

This approach allows us to allocate resources judiciously, ensuring cost-effectiveness in our operations.

Coupled with this, our strategic advantage lies in a favourable cost of capital, enabling us to engage in prudent financial management and providing a competitive edge in the market.



Sales Development

(continued)

The company offers the following products to diversify the current portfolio, divided into three main segments: health, motor, and property & casualty:

Motor Insurance:

- Third Party Liability Motor Insurance
- Comprehensive Motor Insurance
- Motor Own Damage Insurance

Medical Insurance:

- Medical Malpractice
- Cooperative Health Insurance Policy
- Group Life Insurance
- Visitors Health Insurance
- Group Credit Life Product
- Group Health (non CCHI)
- Premium Residency - Unique Iqama
- Tourist Visa Insurance

Property & Casualty Insurance:

- General Third-Party Liability
- Products Liability
- Contractual Liability Insurance
- Workmen's Compensation & Employers Liability
- Professional Indemnity
- Directors & Officers Liability
- Goods In Transit (Single Transit)
- Marine Cargo Policy
- Marine Open Cover
- Marine Cargo Open Policy
- Haulier's Liability - 'All Risks'
- Haulier's Liability Insurance - 'Road Risks on Restricted Perils'
- Inland Marine Open Policy - 'All Risks'
- Inland Marine Open Policy - 'Road Risks on Restricted Perils'
- Money Insurance
- Glass Insurance
- Burglary Insurance Product
- Fire Insurance Policy
- Consequential Loss (Property Damage) Insurance Policy
- Home Owners Product
- Construction Warranty Insurance
- Boiler & Pressure Vessel Insurance
- Contractor's All Risks
- Contractor's Plant & Machinery Insurance
- Erection All Risks Insurance
- Loss of Profit Machinery Breakdown Insurance
- Inherent Defects Insurance
- Event Cancellation & Liability Insurance
- Political Violence Insurance
- Drones (UAS) Operators Liability

Sales Development

(continued)



Motor Department

Malath's strategic approach to Motor Insurance revolves around maintaining a balanced focus on growth and profitability while safeguarding its leading position in the sector.

The company is recognized as one of the leading insurance providers in the Kingdom of Saudi Arabia, boasting a fully paid-up capital of SAR 500 million.

Customer-Centric Products:

Malath is committed to utilizing the power of driver data to offer personalized and customer-centric insurance products.

The company's focus is on providing more than affordable premiums and easy renewals; it aims to deliver quick claim settlements, a key feature of its private car package insurance policy. This approach aligns with customers'

evolving needs, emphasizing efficiency and responsiveness in the claims settlement process.

Financial Performance Highlights:

Malath has achieved notable financial milestones in the realm of Motor Insurance: showcasing sustained strong demand for high-quality insurance protection.

Property and casualty reinsurance continues its growth trajectory, benefiting from improved prices and conditions.

Motor Insurance has exhibited sharply improved profitability, with lower pandemic-related losses contributing to positive results.

The return on equity has exceeded last year and, reflecting the company's financial strength and prudent management.

Comprehensive Car Insurance:

Malath's Comprehensive Car Insurance offers extensive protection for insured and third-party vehicles in accidents, covering damages from collisions, theft, vandalism, natural disasters, and more.

It includes up to SR 10 million for third-party liability involving bodily injury or property damage.

This policy compensates for physical damage and liability and covers natural hazards like hailstorms and floods, ensuring a broad scope of protection.

Third-Party Car Insurance:

Within its business segments, Malath Insurance offers mandatory third-party car coverage in Saudi Arabia.

The liability policy compensates up to SAR 10 million for damages and medical expenses resulting from an accident caused by the vehicle owner or driver.

The Liability Only Car Insurance Policy, a fundamental coverage, extends to bodily injuries, permanent and temporary disability, and death of third parties due to an accident involving the insured car.

Additionally, it covers property damage incurred by the third party. The policy's simplicity makes it a fundamental and essential choice for vehicle owners, emphasizing financial protection against accident-related liabilities.

(ZED) For Own Damage:

Introducing OD Zed, Malath's ground-breaking car insurance product launched in 2022, revolutionizing the insurance landscape. OD

Zed, or Own Damage Zed, stands out by offering a unique monthly instalment facility, setting a new standard for car insurance.

This innovative product caters to third-party insurance customers, providing extensive coverage for repairs and compensation focused on the insured vehicle. Compatible with third-party insurance policies from any Saudi insurance company, OD Zed ensures comprehensive protection for the insured vehicle and involved parties.

At Malath, we remain committed to pioneering user-friendly products, and OD Zed reflects our dedication to innovative, holistic insurance experiences.

The (ZED) For Own Damage Insurance product has contributed to the GWP with around SAR 1 million.

Sales Development

(continued)

Medical Department

Saudi Arabia's health insurance market is growing significantly, driven by population expansion and economic diversification. The influx of expatriates, drawn by industrialization and job opportunities, contributes to the sector's growth. Health insurance in the country aims to ease financial burdens from unexpected medical expenses. The government mandates national and non-national health coverage, ensuring comprehensive healthcare accessibility and economic security.

This dynamic landscape underscores the market's importance in Saudi Arabia's evolving healthcare ecosystem. The Company has established itself as a brand name in the Health Insurance Market and is now among the top providers in the industry.

Malath Cooperative Medical Insurance

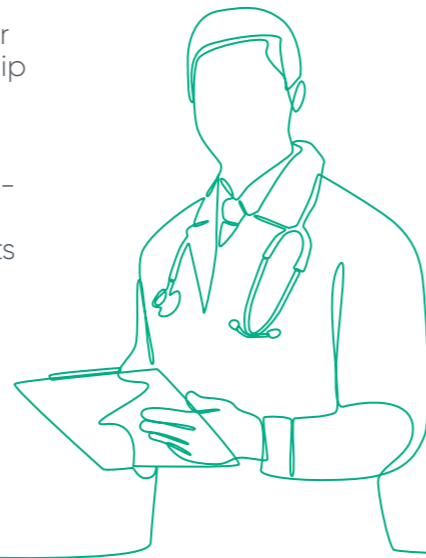
In 2023, Malath Cooperative Health Care Insurance solidified its position as a leading force in the Saudi Arabian health insurance market. Ranking among the top providers, Malath's strategic initiatives, digitalization, and innovative approaches have significantly contributed to its success in maintaining its strong presence in the market despite the fierce competition. Malath's innovative strategy, especially in digitalization, is a testament to its commitment towards enhancing its capabilities and further expanding its leadership position in the sector.

2023 marked a year of technological advancements for Malath, with significant progress in its digitalization strategy.

The Company implemented state-of-the-art technology to streamline operations, from sales to claims settlement.

Notable digital services include:

- The TeleMedicine app.
- A new Approval Model.
- Roving doctor services.
- Home vaccination programs for children.



Medical segment's growth is a testament to Malath's innovative strategies and commitment to digitalization, enhancing operational efficiency and cybersecurity while expanding capabilities.

These initiatives reflect Malath's adaptability and leadership in the digital transformation of the health insurance sector, which is planned to continue for 2024 through more initiatives in the pipeline already under development.

Coverage and Programs:

Malath offers diverse healthcare programs catering to individuals, SMEs, and large groups. These programs are designed to meet various client needs, including budget considerations and specific health requirements.

Malath's comprehensive plans comply with the Council of Health Insurance (CHI) regulations, and the Company also provides tailored group programs for government entities.

Malath's efforts in 2023 have been pivotal in enhancing its footprint in the health insurance market, driven by a solid commitment to innovation, digitalization, and a deep understanding of diverse customer needs.

Medical Insurance Segment Domains

- **Cooperative Health Insurance Policy:**
Provides comprehensive health coverage for individuals and groups, addressing various medical needs and healthcare expenses and in line with CHI's mandatory cover.
- **Group Medical Insurance:**
Offers tailored health coverage for employees and beneficiaries in organizational settings for entities that are not subject to CHI mandate.
- **SME Medical Insurance:**
Tailored to the unique healthcare requirements SMEs in terms of budget, outreach and proximity.
- **Individual and SME Medical Insurance:**
Health Insurance catered for Individuals visiting Saudi Arabia and Unique Iqama holders in line with CHI mandate.



Sales Development

(continued)

P&C Department

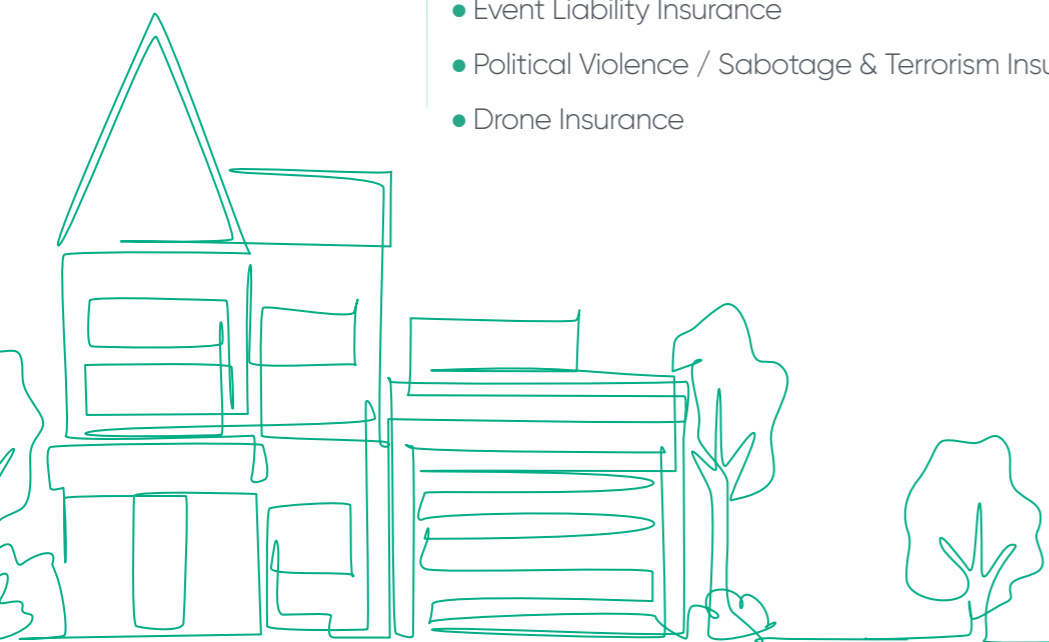
Malath's Property & Casualty Insurance portfolio includes a specialized segment dedicated to Construction and Project-Related Insurance, including but not limited to Property risk, Engineering, Marine, Miscellaneous Accident and Inherent Defects Insurance with its various subclasses of Insurance.

This focused coverage offers comprehensive financial protection to construction ventures and project development businesses.

Specifically, the Inherent Defects Insurance addresses structural defects compromising premises' strength, stability, or steadiness due to design, material, or construction errors.

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

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



The positive operational climate underscores Malath's dedication to supporting clients with comprehensive and customized insurance coverage.

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

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

Malath provides tailored coverage programs against miscellaneous accident/liability insurance and speciality lines insurance through customised solutions and offers various policies that are comprehensive in coverage to cater to ever-increasing exposures.

Malath Cooperative Insurance Company is the Pool Leader and sole Insurance company in the KSA market to provide Inherent Defects Insurance coverage by the decision of the Saudi Council of Ministers No. 509 of 09/21/1439 AH, which obligates contractors to have Inherent Defects Insurance for all non-governmental sector projects.

Inherent Defects Insurance covers defects in the structural works or the envelope weakening the strength and steadiness or stability of the Premises that is attributable to a fault, error or omission in design, materials, geological investigation, or construction which was undiscovered at the date of issue of the Occupancy Certificate.

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

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

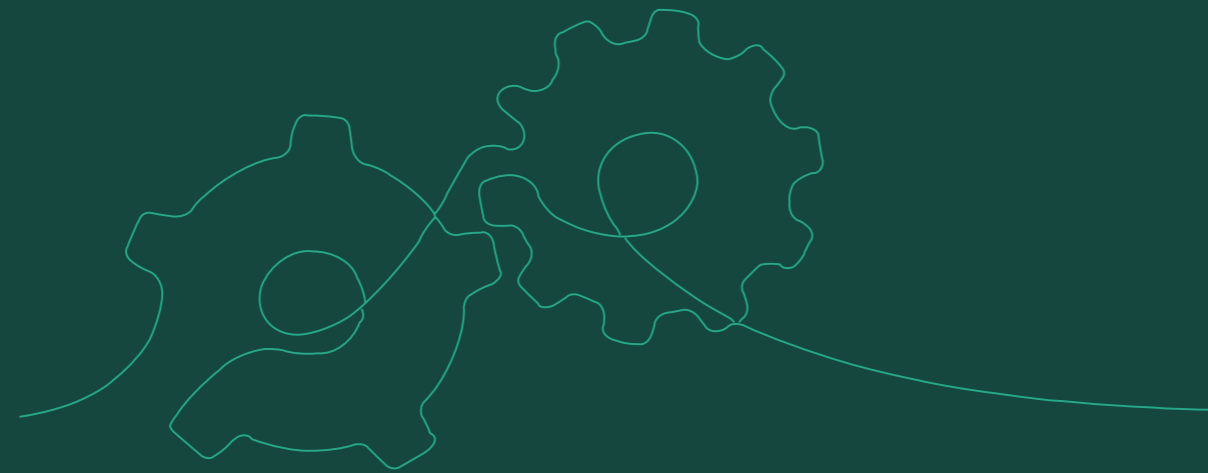
Malath's Construction and Project-Related Insurance



segment is designed to offer tailored solutions that address the intricacies and specific risks inherent in construction ventures.

Businesses can customize their insurance plans based on project requirements, ensuring comprehensive protection against potential contingencies.

The favourable market conditions and improved prices contributed to this growth. Malath's commitment to providing specialized insurance solutions in the Construction and Project-Related Insurance segment aligns with the Company's strategy of offering tailored protection to businesses navigating the challenges of construction ventures.



Sales Development

(continued)

Strengthening Malath's Brand and Reputation:

In 2023, the marketing department of Malath Cooperative Insurance collaborated effectively with internal departments to achieve strategic objectives.

They concentrated on delivering existing products and services while enhancing customer awareness and forging emotional connections through innovative offerings.

The company executed strategic plans to launch distinct campaigns tailored to specific products and services, effectively reaching the intended audience. Social media played a pivotal role in assessing and

gauging the impact of these initiatives, providing swift feedback on campaign performance.

The objective is to refine the go-to-market approach, particularly for commercial clients, ensuring consistent growth and customer contentment.

In alignment with corporate social responsibility, the company engaged in various activities via multiple channels, including social media and financial support for charitable causes and national events.

For 2024, a dedicated budget is planned for various CSR programs to continue the commitment to impactful marketing strategies.

Developments Planned for 2024 and Beyond:

Our company primarily focuses on enhancing our services to better serve our customers. We are placing significant emphasis on improving distribution channels, utilizing technology for application upgrades, and introducing budget-friendly classes for medical insurance. Our strategic move aims to provide more attractive rates within the market's technical range and to develop innovative products tailored to specific client needs in targeted segments. As part of our commitment to meeting the evolving needs of our customers, we are shifting our focus towards Retail and SME.

This move underscores our dedication to addressing the unique requirements of individual customers and small to medium-sized enterprises. However, we understand the importance of maintaining our current portfolio and ensuring

continuity and stability for existing clients. We recognize that Information Technology (IT) plays a pivotal role in our industry and are planning a substantial investment in IT to support our digitalization initiatives.

This investment is crucial for ensuring operational efficiency and strengthening our capabilities in the rapidly evolving digital landscape. We also acknowledge the critical importance of human capital in our success. To prevent talent outflow, we are implementing comprehensive talent retention and development strategies. We aim to build a skilled and dedicated workforce to contribute significantly to our sustained growth.

At Malath Cooperative Insurance, we aim for profitable growth by focusing on Retail Comprehensive and Medical SMEs as key drivers for expansion. This holistic approach aligns with our commitment to innovation, digitalization, and sustained growth in the insurance market. We appreciate your continued support and confidence in Malath Cooperative Insurance, and we believe that these strategic initiatives will contribute to our long-term success and prosperity.

Financial Performance for 2023

Geographical Analysis of the Company GWP
All amounts are in Saudi Riyals (SR 000) unless other-

	2023	2022
Region	GWP	GWP
CRO	456,700	472,463
ERO	148,745	141,851
WRO	41,767	81,005
E-Sales	223,377	249,057
Total	870,589	944,376

Financial Performance

	2023	2022	Changes + or -	Change percentage
REVENUES				
Insurance service revenue	934,712	973,092	(38,380)	-4.11%
Insurance Service Expenses	(844,801)	(981,587)	(136,786)	16.19%
Insurance service result before reinsurance contracts held	89,911	(8,495)	98,406	109.45%
Allocation of reinsurance premiums	(62,013)	(66,732)	(4,719)	7.61%
Amounts recoverable from reinsurance	(10,448)	36,268	(46,716)	447.13%
Net expenses from reinsurance contracts held	(72,461)	(30,464)	41,997	-57.96%
Insurance service result	17,450	(38,959)	56,409	323.26%
Investment income on financial assets at amortised cost	20,716	21,976	(1,260)	-6.08%
Investment income on financial assets at FVTPL	19,664	8,450	11,214	57.03%
Net credit impairment losses on financial assets	(24)	22	(46)	191.67%
Other investment income	114	1,072	(958)	-840.35%
Net investment income	40,470	31,520	8,950	22.12%
Finance expenses from insurance contracts issued	(15,830)	(8,681)	7,149	-45.16%
Finance income from reinsurance contracts held	3,488	2,455		
Finance Expenses Others	-	-		
Net insurance finance expenses	(12,342)	(6,226)	6,116	-49.55%
Net insurance and investment result	45,578	(13,665)	(59,243)	-129.98%
OTHER INCOME / (EXPENSES)				
Other operating expenses	(18,341)	(23,899)	(5,558)	30.30%
Other income	19,951	6,474	13,477	67.55%
TOTAL OTHER INCOME / (EXPENSES)	1,610	(17,425)	19,035	1182.30%
Net income / (loss) for the period	47,188	(31,090)		
Surplus attributed to insurance operations	-	-		
Net income/(loss) attributable to shareholders before zakat	47,188	(31,090)	78,278	165.89%
Zakat charge for the year	(9,000)	(10,288)	(1,288)	14.31%
Net income/(loss) attributable to shareholders' operations	38,188	(41,378)	79,566	208.35%
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share	0.76	(0.83)		
Weighted average number of shares issued throughout the year (thousands)	50,000	50,000		

Financial Performance

	2021	2020	2019
REVENUES			
Gross premiums written	942,107	781,568	835,236
Reinsurance premiums ceded			
- Local	(4,823)	(5,065)	(5,310)
- International (includes premium ceded through local broker)	(45,640)	(54,705)	(65,110)
	(50,463)	(59,770)	(70,420)
Excess of loss expenses	(14,257)	(18,890)	(17,278)
Net premiums written	877,387	702,908	747,538
Movement in unearned premiums, net	(98,675)	17,085	(83,178)
Net premiums earned	778,712	719,993	664,360
Reinsurance commissions	8,322	15,052	17,786
Other underwriting income	1,016	4,996	2,694
NET REVENUES	788,050	740,041	684,840
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(733,914)	(600,381)	(558,429)
Reinsurers' share of claims paid	16,848	47,652	29,217
Net claims paid	(717,066)	(552,729)	(529,212)
Movement in outstanding claims, net	30,310	18,614	(51,158)
Movement in IBNR, net	(10,949)	(24,941)	66,210
Movement in additional premium reserve	11,225	(22,323)	(1,702)
Movement in other technical reserve	(768)	(59)	9,092
Net claims incurred	(687,248)	(581,438)	(506,770)
Policy acquisition costs	(65,830)	(78,930)	(71,602)
Other underwriting expenses	(21,003)	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	(774,081)	(660,368)	(578,372)

	2021	2020	2019
OTHER INCOME/(EXPENSES), NET			
Provision for doubtful debts	(7,046)	(3,154)	1,075
Salaries and staff related costs	(75,150)	(75,695)	(71,151)
Other general and administrative expenses	(45,546)	(36,722)	(45,882)
Investment income	30,394	32,742	25,486
Other income	10,529	25,591	2,185
Reversal of impairment on available for sale investments	-	238	1,184
TOTAL OTHER INCOME/(EXPENSES), NET	(86,819)	(57,000)	(87,103)
Net (loss)/income for the year	(72,850)	22,673	19,365
Net income attributed to insurance operations	-	-	(1,000)
Net (loss)/ income for the year attributable to shareholders before zakat	(72,850)	22,673	18,365
Zakat charge for the year	(12,810)	(15,125)	(13,183)
Net (loss)/ income for the year attributable to shareholders	(85,660)	7,548	5,182
Loss/earnings per share			
Basic and diluted earnings per share (Saudi Riyals)	(1,71)	0,15	0,10
Weighted average number of shares in issue throughout the year (thousands)	50,000	50,000	50,000

Financial Performance

AS AT 31 DECEMBER 2023

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
ASSETS			
Cash and cash equivalents	110,571	336,530	475,801
Murabaha deposits	329,372	157,965	131,332
Reinsurance contract assets	107,591	126,755	106,288
Investments	179,135	211,726	220,424
Prepayments and other assets	113,243	95,211	33,358
Property and equipment	4,042	4,114	4,846
Right of use assets	1,995	2,055	3,352
Statutory deposit	74,986	74,986	74,986
Accrued commission income on statutory deposit	3,205	10,778	10,167
TOTAL ASSETS	924,140	1,020,120	1,060,554

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
LIABILITIES			
Accrued expenses and other liabilities	39,179	42,521	37,699
Lease liabilities	1,550	1,732	2,478
Insurance contract liabilities	433,522	570,294	579,086
Reinsurance contract liabilities	2,274	-	-
Provision for employees' end-of-service benefits	23,733	17,149	20,154
Provision for zakat	30,587	23,631	17,252
Accrued return payable to Insurance Authority	3,205	10,778	10,167
TOTAL LIABILITIES	534,050	666,105	666,836
	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
EQUITY			
Share capital	500,000	500,000	500,000
Statutory reserve	2,131	2,131	2,131
Accumulated losses	(134,949)	(173,137)	(131,930)
Investments fair value reserve	37,942	33,894	34,193
Re-measurement losses on defined benefit plans	(15,034)	(8,873)	(10,676)
TOTAL EQUITY	390,090	354,015	393,718
TOTAL LIABILITIES AND EQUITY	924,140	1,020,120	1,060,554

Commitments and contingencies

Financial Performance

AS AT 31 DECEMBER 2023

	31 December	31 December
	2020	2019
ASSETS		
Cash and cash equivalents	560,070	170,270
Murabaha deposits	165,284	640,000
Premiums and reinsurers' receivable - net	200,224	183,834
Reinsurers' share of unearned premiums	17,051	17,538
Reinsurers' share of outstanding claims	94,625	122,227
Reinsurers' share of claims incurred but not reported	20,530	25,476
Deferred policy acquisition costs	20,117	27,331
Deferred excess of loss premiums	-	496
Available-for-sale investments	116,558	36,187
Investment held to maturity	10,000	-
Prepayments and other assets	26,789	41,748
Property and equipment	2,101	3,338
Statutory deposit	75,000	75,000
Accrued commission income on statutory deposit	9,695	8,124
TOTAL ASSETS	1,318,044	1,351,569

	31 December	31 December
	2020	2019
LIABILITIES	54,955	41,046
Policyholders claims payable	68,917	87,100
Accrued and other liabilities	6,840	11,248
Reinsurance balances payable	330,974	348,546
Unearned premiums	4,001	4,801
Unearned reinsurance commission	94,353	140,569
Outstanding claims	197,889	177,894
Claims incurred but not reported (IBNR)	39,637	17,314
Additional premium reserve	3,664	3,605
Other technical reserves	2,409	-
Accrued reinsurance balance	1	2
Due to related parties	18,209	14,850
Employees' end-of-service benefits	5,666	8,821
Accumulated surplus	20,374	32,220
Provision for zakat	9,695	8,124
Accrued commission income payable to SAMA	857,584	896,140
TOTAL LIABILITIES	666,105	666,836
	31 December	31 December
	2020	2019
EQUITY		
Share capital	500,000	500,000
Statutory reserve	2,131	2,131
Accumulated losses	(34,748)	(42,296)
Investments fair value reserve	673	634
Re-measurement losses on defined benefit plans	(7,596)	(5,040)
TOTAL EQUITY	460,460	455,429
TOTAL LIABILITIES AND EQUITY	1,318,044	1,351,569

Commitments and contingencies

Malath Sustainability

Malath Cooperative Insurance's success is deeply rooted in its financial strength, operational efficiency, and strategic positioning, allowing the company to navigate the insurance landscape confidently and consistently deliver value to its stakeholders.



Sustainability Approach

Malath's commitment to community service is deeply ingrained in its culture, focusing on giving back.

This philanthropic mindset is the core of the company's corporate social responsibility (CSR) strategy. By integrating CSR into its broader approach, Malath aims to create enduring value for stakeholders, aligning with its purpose, values, and code of conduct.

The company places people at the forefront, emphasizing sustainable value for customers, employees, shareholders, and communities.

Malath's dedication extends to innovative initiatives that enhance customer well-being,

showcasing its commitment to responsible business practices and environmental sustainability.

The company actively pursues a balanced and responsible approach, striving to become a leading cooperative insurance entity in Saudi Arabia. Malath's CSR initiatives reflect its dedication to positive societal impact and environmentally conscious growth.

Governance

Malath Cooperative Insurance prioritizes robust corporate governance that is integral to its sustainability model, which is crucial as recognized by stakeholders.

The Corporate Responsibility function oversees sustainability initiatives, man-

aging governance, external reporting, and internal policy integration.

Malath aims to lead the insurance sector with stringent corporate social responsibility (CSR) standards in underwriting, investment, and asset management.

Addressing contemporary demands, the company navigates facets like product quality, safety, environmental concerns, compliance, information security, employee rights, labour management, and supply chain.

Emphasizing CSR responsibilities, it covers fair competition, transparency, information management,

accurate disclosure, human rights respect, discrimination prevention, and commitment to occupational health and safety.

Malath emphasizes these core corporate social responsibilities:

1. Promote fair competition and transparent transactions.
2. Manage information with diligence, preventing leaks, and safeguarding personal information.
3. Combat all forms of corruption, including bribery.
4. Provide accurate corporate information through disclosure.
5. Uphold fundamental human rights, prohibiting discrimination, harassment, and violence.
6. Prevent excessive overtime and ensure appropriate holidays.
7. Prioritize occupational health and safety preventing injuries.

This unwavering commitment forms the bedrock of lasting shareholder value, making a remarkable and meaningful contribution to the Kingdom's 2030 Vision.

Upholding fair practices, transparency, anti-corruption measures, and commitment to human rights, Malath ensures a responsible corporate footprint.

Malath Sustainability

(continued)



Malath Cooperative Insurance's success is deeply rooted in its financial strength, operational efficiency, and strategic positioning, allowing the company to navigate the insurance landscape confidently and consistently deliver value to its stakeholders.



Cras ornare sed
cus nec evorum

Managing Our Environmental Impacts

In line with the Kingdom's Vision 2030 and its dedication to a more developed and sustained environment, Malath Cooperative Insurance is committed to minimizing the environmental footprint of its operational activities.

The company aspires to create sustainable value for its stakeholders, including customers, employees, shareholders, and communities.

Malath takes a proactive approach to address pertinent environmental concerns and strives to contribute positively to society.

The company develops and monitors products and services that generate social value through sustainable initiatives, aiming to enhance people's lives or deliver positive environmental and cli-

mate-related impacts.

This commitment reflects Malath's dedication to aligning its business practices with broader societal and environmental goals for a more sustainable and responsible future.

Company-wide environmental initiatives include:

- Utilizing recycled paper.
- Encouraging paper reduction among staff.
- Implementing recycling containers.
- Raising staff awareness about environmental impacts.
- Enforcing daily power shutdown after 6 PM.
- Reducing paper usage by employing scanned codes instead of signatures in specific documents.

Responsible Customer Relations

Malath prioritizes continuous engagement with key customers, fostering trust and maintaining a positive brand image through effective communication and adherence to core values.

The company conducts quality assurance surveys to gauge customer satisfaction, using insights to address concerns.

Continuous execution and a commitment to outperforming competitors define Malath's responsible customer relations strategy.

To stay attuned to evolving customer needs, Malath actively seeks feedback and adapts products and services accordingly. Complaints serve as valuable feedback for identifying areas of improvement, enabling innovative solutions to exceed customer expectations.

Protecting customer information is paramount, and Malath ensures robust pri-

vacancy controls for data security. To simplify and digitalize products and processes, Malath aims to provide relevant, high-value offerings through exceptional customer service.

HR

Malath strongly emphasises creating a work environment that nurtures both individual well-being and performance excellence. The company's strategic planning focuses on adapting to a digital future and identifying the skill sets required for future success. To support this transition, Malath is committed to upskilling its workforce through a comprehensive professional development plan incorporating various learning methods such as on-the-job training, mentoring, workshops, and digital learning platforms.

The Malath Academy is pivotal in this endeavour, offering mandatory workshops on cybersecurity awareness and anti-money laundering. In tandem, the

Organization Development team is dedicated to fostering continuous improvement and sustainable growth within the company.

This approach is integral to the annual talent review process, which assesses employee performance, skill sets, and development potential. In addition to these professional development initiatives, Malath has launched several internal programs to create a positive and creative work environment.

These programs are designed to strengthen employee connections, enhance a sense of belonging, and foster loyalty to the company. Through these comprehensive efforts, Malath demonstrates its commitment to creating a workplace that stimulates creativity, encourages positive participation, and supports its employees' overall well-being and growth.

Malath Sustainability

(continued)

Through the comprehensive efforts, Malath demonstrates its commitment to creating a workplace that stimulates creativity, encourages positive participation, and supports its employees' overall well-being and growth.

Training programme, participants and time

Grade	2023	2022	2021
No. of training programmes	121	85	70
Total no. of participants	324	316	300
Training days	75	70	64
Hours spent on training	680	666	640
No. of trained staff	295	265	230

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

Number of years of service	Number of employees			Number of person-hours of training		
	Male	Female	Total	Male	Female	Total
Mandatory	117	55	172	585	275	860
Non-mandatory	18	17	35	110	105	215
eLearning	136	125	261	110	105	215

Service analysis of workforce

Number of years of service	Male			Female		
	2023	2022	2021	2023	2022	2021
0-5 years	165	151	120	84	74	66
6-10 years	63	79	95	17	15	19
11-15 years	41	34	30	2	1	1
15-20 years	8	1	1	0	0	0
Over 20 years	0	0	0	0	0	0

Training hours by category for company employees in the current year

		Senior Management	Middle Management	Other
		Male	Female	Total
No. of employees	Male	21	25	223
	Female	4	7	102
	Total	25	32	327
Hours of training	Male	132	125	260
	Female	28	60	185
	Total	160	185	480

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

Type	No. of persons trained	Hours training
Technical skills	118	310
Soft skills	140	580



Malath Sustainability

(continued)

Malath Cooperative Insurance's success is deeply rooted in its financial strength, operational efficiency, and strategic positioning, allowing the company to navigate the insurance landscape confidently and consistently deliver value to its stakeholders.

Health and Safety First

Malath places a high priority on its employees' physical and mental well-being, understanding that their health is integral to sustained operations and business success.

The company is dedicated to creating a health-promoting workplace that minimizes absence and boosts productivity.

This commitment is reflected in various actions and initiatives designed to promote employee well-being.

Malath is continually seeking ways to improve health and well-being in the workplace, with a particular focus on addressing work-related stress.

By systematically identifying and addressing the root causes of stress, the company provides practical

solutions and adapts the work environment to enable employees to realize their full potential.

In line with its commitment to health and safety, Malath has undertaken various initiatives.

These include distributing educational posters and conducting awareness campaigns about the importance of adhering to health ministry instructions, particularly regarding new health threats like INFLUENZA.

The company has also organized Health Zone activities and contracted with essential fitness companies to encourage physical well-being.

Furthermore, Malath has established partnerships with banks for employee loans and with car rental and service companies to

enhance its employees' overall quality of life.

Compensation and Benefits

Malath is deeply committed to the well-being and satisfaction of its employees, intertwining company policies with initiatives that prioritize their overall well-being.

The Malath Employee Assistance Program exemplifies this commitment.

It is a comprehensive initiative that addresses various aspects of employee health, including stress management, occupational mental health, psychological intervention, and promoting healthy living habits.

This program is designed to assist employees in managing personal challenges and fostering a positive atmosphere in their professional and personal lives.



Workforce analysis

	2023	2022	2021
Total number of employees	368	355	332
% of female employees	29%	25%	26%
% of Saudi employees	70%	72%	73%
% of total hours spent on training	38%	35%	33%

For female employees, Malath offers a parenting allowance ranging from 1000 to 2500 Riyals for childcare for children under six years old.

This policy demonstrates the company's dedication to supporting a healthy work-life balance and acknowledges the unique challenges faced by working parents.

In addition to these specific programs, Malath ensures the highest category of insurance coverage for all employees.

The company also focuses on maintaining a safe and clean working environment. Regular and timely emails are sent to employees about safety protocols and cleanliness, ensuring that public use areas are well-organized and maintained.

Malath's list of employee benefits:

- Insurance policy;
- Disability insurance;
- Corporate discounts;
- Paid vacation;
- Paid sick leaves;
- Performance bonus;
- Paid parental leaves;
- Wellness training.

Engagement

Malath's commitment to fostering a dynamic and engaging work environment is critical in driving performance and enhancing customer focus.

Recognizing the importance of employee engagement, the Company collaborates closely with employee representatives

to effectively navigate change, address impacts, and create meaningful opportunities.

This collaborative approach is anchored in a culture that prioritizes open dialogue, ensuring a regular and meaningful exchange of feedback between employees and managers.

Key to our internal initiatives is creating a positive and nurturing work environment that encourages creativity and fosters loyalty.

Malath is deeply committed to ensuring that all employees understand privacy requirements comprehensively.

Malath Sustainability

(continued)

Malath Cooperative Insurance's success is deeply rooted in its financial strength, operational efficiency, and strategic positioning, allowing the company to navigate the insurance landscape confidently and consistently deliver value to its stakeholders.

This commitment is evidenced by our continuous efforts to prioritize compliance with the General Data Protection Regulation (GDPR) and other industry-specific regulations through ongoing training and development programs.

Diversity and inclusivity are at the heart of our corporate culture. Malath embraces employees from various generations, cultures, and backgrounds, creating a workplace where everyone feels valued and respected.

Our focus extends beyond gender balance, as we actively support Saudization and align our practices with the Kingdom's Vision 2030.

Through various initiatives, we connect employees' work to the Company's

core purpose, reinforcing their sense of contribution and belonging.

Moreover, internal communications within Malath have been significantly enhanced to foster a more connected and informed workforce.

This includes but is not limited to, announcements regarding new employee orientations, promotions, and celebrations of personal milestones like birthdays.

Such initiatives boost morale and contribute to building a cohesive and supportive work environment. By focusing on open communication, continuous learning, inclusivity, and recognizing individual contributions, we make a workforce and nurture a community integral to our collective success.

Gender Equality

Malath values diversity in its workforce, recognizing that a variety of perspectives is essential to meeting challenges and effectively catering to customer needs.

Central to this commitment is the promotion of gender equality. The Company actively empowers individuals based on their performance and potential, ensuring that employee rights align with human rights principles.

A key focus of Malath is gender equality, particularly in identifying and nurturing female professionals for leadership roles. The Company offers targeted development opportunities and actively addresses unconscious bias in the workplace.

A key focus of Malath is gender equality, particularly in identifying and nurturing female professionals for leadership roles.

With eight female managers, including seven in senior positions, Malath demonstrates its belief that empowering women in the workforce is not only a matter of fairness but also contributes significantly to family support and poverty reduction.

Malath has implemented several internal programs and unique benefits to support its female employees further. These include maternity leave and allowances, reflecting the Company's commitment to creating a supportive work environment for women.

This approach underscores Malath's dedication to fostering a diverse and equitable workplace where every employee has the opportunity to thrive.

Male : female salary ratio

	2023	2022	2021
Male : female salary ratio - senior management	11%	9%	4%
Male : female salary ratio - middle management	17%	19%	21%
Male : female salary ratio non - management	31%	31%	30%

Employees by grade and gender

Grade	Male			Female		
	2023	2022	2021	2023	2022	2021
Senior management	21	26	23	4	2	1
Middle management	25	28	38	7	7	7
Other	223	192	192	102	81	78

Malath Sustainability



Malath leverages its role as an employer, insurer, and corporate citizen to foster a more inclusive and robust society. Believing in the symbiotic relationship between business success and equitable societal progress.

(continued)

No Poverty

Malath emphasizes collective social responsibility, especially in combating poverty. Aligned with the Kingdom's 2030 Vision, Malath actively engages in initiatives to boost female workforce participation, support health and education reforms, reduce national unemployment, and integrate charitable actions into its strategy.

The company aligns its efforts with government initiatives to address the no poverty goal, intending to offer training and qualification opportunities for citizens to enter the labour market.

Sustainable Cities and Communities

Sustainability is integral to Malath's culture, generating value for customers, employees, shareholders, and communities.

The company actively contributes to city devel-

opment, promoting prosperity, productivity, social inclusiveness, and environmental sustainability with quality infrastructure.

In alignment with Saudi Arabia's sustainability initiatives and the **#Let's_Make_Green** campaign, Malath distributes plants to offices, fostering awareness and responsibility for a healthy work environment.

Employees are committed to reducing single-use plastics, with the company partnering with recycling companies to recycle plastic and paper products.

Internally, Malath adopts eco-friendly initiatives:

- Eliminated the purchase of plastic cups in all offices.
- Actively transitioning to compostable alternatives for cups, cutlery, and food containers.
- Encourages the use of refillable water bottles.

The goal is to promote sustainable behaviours both at work and in employees' personal lives.

Through the Jood Aleiskan platform, employees have donated over SAR 49,000 to four human cases as part of the company's social responsibility efforts.



Malath emphasizes employee involvement in v to enhance its environmental performance.

Malath Sustainability

(continued)



Continuous efforts in internal workflow improvement and policy formulation aim to provide more efficient services to investors.

Corporate Governance

We have taken significant steps to update our company bylaws in response to these regulatory changes.

A crucial amendment extends the Board of Directors' term from three to four years. This change gives our board an extended period to effectively oversee the company's strategies and projects, ultimately creating long-term value for you, our shareholders.

This alignment with the new regulations will enhance our governance and strategic oversight. Additionally, we have extended the tenure of our external auditors from five to seven years.

This amendment is pivotal in maintaining consistency and depth in our financial oversight. The extended tenure enables our auditors to acquire a more profound

and comprehensive understanding of our business operations and financial practices, thereby enhancing the quality and reliability of our financial reporting.

Update on Compensation Policies

We also revised the compensation policies for our Board and executive management to align with best practices and regulatory expectations.

While these proposed updates were not approved in the May 2023 general assembly, we have considered your feedback and will present revised policies in the upcoming general assembly.

Progress on the Company's Governance Manual

Our efforts to develop a comprehensive governance manual are underway.

This manual will encapsulate key governance

aspects, from board effectiveness to data protection principles, ensuring we remain at the forefront of governance excellence.

Notable initiatives include:

- The development of policies on disclosure and transparency.
- Ongoing evaluation of board and committee effectiveness.
- Stringent cybersecurity measures to protect client information.

The upcoming updates to the charters of the Audit Committee and the Nominations and Remuneration Committee, which will be presented at the general assembly, are a testament to our commitment to continuous improvement in governance practices.

Malath also formulates a rational insurance risk management system, implementing mechanisms for consistent risk management.

Information Disclosure and Investor Relations

The Company promotes itself through telephone conferences, roadshows, stock analyst gatherings, and Investor Days.

It maintains communication with institutional investors while establishing diverse channels for retail investors, including the corporate website, email, and telephone. This ensures better service and protects investors interests.

The Company is dedicated to collecting analyst reports and shareholder information, addressing investors' concerns to enhance operations, management, and corporate governance.

Continuous efforts in internal workflow improvement and policy formulation aim to provide more efficient services to investors.

Rights of Shareholders

To safeguard shareholders' interests, separate resolutions are proposed at general meetings for substantial issues, including director elections, subject to shareholder consideration and voting.

Requisitions must clearly state subjects for general meetings, signed and submitted in writing to the Board, adhering to Articles of Association requirements. Shareholders can convene an extraordinary general

meeting following specified procedures.

Inquiries or requests exercising shareholder rights can be directed to the Company's Investor Relations team, accompanied by written identification documents per the Articles of Association. Upon verification, the Company provides relevant information to the shareholder.

Managing Risk

Malath aims to lead insurance management by optimizing its risk management system and platform. The Company achieves a balanced risk-return ratio, fostering sustainable growth by identifying, evaluating, and mitigating risks.

Malath strengthens its risk management approach in line with global business evolution. Recognizing risk management as integral, Malath builds an aligned enterprise risk system, optimizing frameworks and procedures. By controlling risks, the Company promotes sustainable growth, positioning itself as a leading Saudi insurer.

The organization continues to enhance its enterprise risk management, improve organizational structure, and formulate policies, procedures, and responsibilities to prevent systemic risks, integrating overall risk management capabilities.

Integrity

Malath prioritizes combating fraud and corruption and ensuring ethical business conduct.

Internal management rules, including the Employee Interest Conflict Management Policy, Anti-fraud Procedure, Anti-money Laundering, and Terrorism Funding Management Procedure, are systematically in place for all employees.

Regular half-yearly training sessions are conducted to uphold compliance. Malath's employee code mandates strict adherence to customer information security management, conflict of interest rules, and regulations on undisclosed information.

Regarding anti-bribery, corruption, and fraud, employees and partners must refrain from engaging in illegal or improper activities that could harm the Company's legitimate economic interests and reputation.

04

Corporate Governance

Governance Report

96

Governance Report

Composition of Company's Board of Directors

In accordance with article (15) of the Company's articles of association, the company is governed by an eight-member Board of Directors, elected by the Ordinary General Assembly for a term not exceeding three years, and the composition of the Board of Directors shall reflect appropriate representation from the independent members.

Under no circumstances shall the number of independent board members be less than two members or one-third of the Board of Directors, whichever is greater.

An exception is made for the appointment of the constituent assembly of the members of the first Board of Directors, which was for a period not exceeding (3) three years starting from the date of the announcement of the Ministry of Commerce and

Investment's resolution to incorporate the company.

A Board of Directors was elected for the fifth session, commencing from April 21th, 2022, and continuing for three years at the Ordinary General Assembly held on 20/09/1443 H, corresponding to 21/04/2022 G. All directors were provided with the company's regulations and rules applicable in KSA.

The following directors were elected:

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

**On February 6, 2024, the company received a no-objection from the insurance authority to appoint Mr. Badr Ali Al-Ali as Chairman and Mr. Muhammad Ali Al-Ammari as Vice President

Main Functions of Board of Directors

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

The Board shall avoid issuing general or unlimited mandates.

The Board exercises the following functions:

- Assuming strategic leadership of the company, developing objectives and drafting strategic plans.
- Supervising the implementation of strategic plans and main operations, identifying the company optimal capital structure, supervising the main capital expenditures, acquiring assets therein, and periodically reviewing and adopting an organizational and functional structure in the company.
- Approving, reviewing and updating main policies and procedures on a regular basis.
- Developing and monitoring the internal control system within the company and ensuring its effectiveness and efficiency
- Developing and monitoring the company's risk

management system to assess, manage and monitor risks on an ongoing basis.

- Selecting and replacing key executives (when required), and ensuring that the company has an appropriate policy to replace key personnel with a suitable alternative who is qualified to work and who possesses the necessary skills.

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

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

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

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

- Promoting corporate governance culture and high ethical standards.

The Board shall avoid issuing general or unlimited mandates.

In light of the Board of Directors' keenness to improve its performance, which enhances the achievement of the company's goals and vision and ensures its continued growth, a

contract was made with a Saudi center specializing in the field of governance, risk management and compliance as an independent body from the company. Accordingly;

He evaluated the performance of the Board of Directors (each member individually and the Board as a whole) as well as the performance of the committees emanating from the Board of Directors.

Which included performance measurement indicators related to the extent of achieving the company's strategic objectives, the quality of risk management, and the adequacy of internal control systems

It includes evaluating the skills and experiences possessed by the Council, identifying its strengths and weaknesses, and working to address the weaknesses in possible ways.

The individual evaluation of the members of the Board of Directors took into account the extent of the member's effective participation and commitment to performing his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time to them.

Governance report

(continued)

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

Current

#	Director Name	Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
1	Mr Mohammed bin Ali Al Ammari	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Chairman of the Board and Member of the Executive Committee
		Wajeef Insurance Brokerage Services	Inside KSA	Limited Liability Company	Chairman of the Board
2	Mr Badr bin Ali Al Ali	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Vice Chairman
		National Finance Services Company	Inside KSA	Closed Joint Stock Company	Chief Executive Officer and Member of Executive Committee

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

Previous

Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
Tabuk Fisheries Compan	Inside KSA	Closed Joint Stock Company	Chairman of the Board and Managing Director
Wafrah Vegetable Factory	Inside KSA	Listed Joint Stock Company	Chairman of the Board and Managing Director
Wattan Investment Company	Inside KSA	Closed Joint Stock Company	Board Member
Tabuk Cement Company	Inside KSA	Listed Joint Stock Company	Vice Chairman
Alalamiya for Cooperative Insurance	Inside KSA	Listed Joint Stock Company	Board Member
Jazan Agricultural Development Company	Inside KSA	Listed Joint Stock Company	Board Member
Saudi Oryx Financial Leasing Company	Inside KSA	Closed Joint Stock Company	Board Member
Al Baha Investment and Development Company	Inside KSA	Listed Joint Stock Company	Board Member
Saudi Industrial Export Company	Inside KSA	Listed Joint Stock Company	Board Member
National Housing Company	Inside KSA	Listed Joint Stock Company	Chief Executive Officer
Najm	Inside KSA	Closed Joint Stock Company	Chief Executive Officer

Governance report

(continued)

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

Current

#	Director Name	Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
3	Mr Fawaz bin Abdul Rahman Al-Hijji	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member, Chief Executive Officer and Managing Director
		Manafez Company	Inside KSA	Closed Joint Stock Company	Board Member
4	Mr Mamdouh bin Saud Al Sharhan	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member
		Bawabt Mubadala Company	Outside KSA	Listed Joint Stock Company	Vice Chairman
		Itqan Capital Murabaha and Sukok Fund	Inside KSA	Closed Joint Stock Company	Board Member
		Al Mutlaq Real Estate Investment Company	Inside KSA	Closed Joint Stock Company	Chief Executive Officer
		Real Estate Development Fund	Inside KSA	Closed Joint Stock Company	Board Member and Chairman of Audit Committee
		Baum Saudi project Management	Outside KSA	Closed Joint Stock Company	Chairman of the Board
		Aldyar al-Arabiya Company for Real Estate Development	Inside KSA	Closed Joint Stock Company	Board Member
			Inside KSA	Closed Joint Stock Company	Vice Chairman of the Board of Directors

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

Previous

Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Vice President – Motor Insurance
Tawuniya Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Vice President – Motor Insurance
Najm	Inside KSA	Closed Joint Stock Company	Board Member
Nama Chemicals Group	Inside KSA	Listed Joint Stock Company	Board Member and Chairman of the Investment Committee
Hail Cement Company	Inside KSA	Listed Joint Stock Company	Board Member
Saudi-Korean company for Maintenance and Property Management-Mumtalakat	Inside KSA	Limited Liability Company	Chairman
Saudi Arabia Real Estate Infrastructure & Construction Company (Binyah)	Inside KSA	Closed Joint Stock Company	Audit Committee Member

Governance report

(continued)

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

Current

#	Director Name	Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
5	Mr Amr bin Abdul Razzaq Alnemari	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member, Chairman of The Audit Committee and Member of the Risk Management Committee
		Sports Boulevard Foundation	Inside KSA	Closed Joint Stock Company	Vice President
6	Mr Amr bin Abdullah bin Shalhoub	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member and Member of the Executive Committee and Risk Committee
		Executive Offices Company	Inside KSA	Limited Liability Company	Manager of Membership
		General Authority of Civil Aviation	Inside KSA	Holding Company	Executive

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

Previous

Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
The Real Estate Registry	Inside KSA	Closed Joint Stock Company	Chief Financial Officer
KAFD Development Company	Inside KSA	Closed Joint Stock Company	Chief Financial Officer
Tawuniya Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Chief Financial Officer
BAE Systems	Inside KSA	Limited Liability Company	Finance Manager
Nas	Inside KSA	Limited Liability Company	Treasury Manager

Governance report

(continued)

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

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

Current					Previous				
#	Director Name	Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship	Names of companies in which the director is a member of its current BOD or management	Inside/ outside KSA	The legal form of the Company	Relationship
7	Mr Yasser bin Rashid Alrasheed	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member, Chairman of the Investment Committee, Member of the Nominations and Remuneration Committee	SRC - Saudi Real Estate Refinance Company	Inside KSA	Closed Joint Stock Company	Chief Financial Officer
8	Abdul-Hamid Abdulaziz Al-Ohali	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member	United Electronics Company (Extra)	Inside KSA	Listed Joint Stock Company	Chief Executive Officer
		Al Yamama Steel Industries	Inside KSA	Listed Joint Stock Company	Board Member	United Electronics Company (Extra)	Inside KSA	Listed Joint Stock Company	Board Member
		Kayan Holding Company	Inside KSA	Limited Liability Company	Board Member	Al Fozan Metals Company	Inside KSA	Closed Joint Stock Company	Chief Executive Officer
		Ajwaad Charity	Inside KSA	Closed Joint Stock Company	Board Member	Al Rajhi Industrial Group	Inside KSA	Closed Joint Stock Company	General Manager
		The Saudi Aquaculture System Factory	Inside KSA	Closed Joint Stock Company	Board Member				
9	Mohammad Abdullah Al-Jumah	Malath Cooperative Insurance Company	Inside KSA	Listed Joint Stock Company	Board Member				
		STC	Inside KSA	Listed Joint Stock Company	Head of the Governance Team in the General Administration of Governance				

Governance report

(continued)

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

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

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

taken to respond to their questions in a satisfactory and appropriate manner. All members of the Board, including non-executives, are informed of the shareholders' proposals and comments regarding the company and its performance.

During 2023, the BOD held five (5) meetings according to the attendance record shown in the table below:

#	Name	Membership	21/03	13/04	25/05	15/11	19/12
1	Mr Mohammed bin Ali Al Ammari	Chairman	✓	✓	✓	✓	✓
2	Mr Badr bin Ali Al Ali	Vice-Chairman	✓	✓	✓	✓	✓
3	Mr Mamdouh bin Saud Al Sharhan	Director	✓	✓	✓	✓	✓
5	Mr Amr bin Abdul Razzaq Alnemari	Director	✓	✓	✓	✓	✓
6	Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓	✓
7	Mr Fawaz bin Abdul Rahman Al-Hajji	MD/CEO	✓	✓	✓	✓	✓
9	Mr Yasser Rasheed Al Rasheed	Director	✓	✓	✓	✓	✓
10	Mr Abdulhamid Abdulaziz Al Ohali	Director	✓	✓	✓	✓	✓
11	Mr Mohammad Abdullah Al-Jumah	Director	✓	✓	✓	✓	✓

Mechanism for communicating with shareholders

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

Composition of Board Committees

Audit Committee

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

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

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

external auditors and making any observations about it.

- Reviewing the reports of the regulatory control department or regulatory observer and making recommendations thereon.
- Reviewing reports of the internal audit department or internal auditor and making recommendations to the BOD.
- Reviewing the comments of SAMA and the related oversight and supervisory bodies regarding any regulatory violations or the required corrective procedures and submitting recommendations about them to the BOD.
- Reviewing the initial annual financial statement before presenting them to the BOD and expressing an opinion and recommendations about them.
- Discussing the audited annual and unaudited quarterly financial state-

ments with external auditors and the senior management of the company before publishing them.

- Assessing the level of efficiency, effectiveness and subjectivity of external auditors works and managing the Internal Audit Department and the compliance department.
- Ensuring that there is a written professional code of ethics approved by the company BOD to assure carrying out the company's activities in a fair and ethical manner.
- Holding a meeting between the Audit Committee and BOD and submitting important reports to the BOD on a regular basis.

Governance report

(continued)

The Audit Committee has held six (6) meetings during the year 2023 to implement the tasks assigned and previously mentioned according to the attendance record below

#	Name	Membership	Current session - the year 2023					
			26/01	13/03	14/06	07/08	01/11	19/12
1	Mr Amr bin Abdul Razzaq Alnemari	Chairman	✓	✓	✓	✓	✓	✓
2	Mr Saleh Abdulrahman Al Ismaeel	Director	✓	✓	✓	✓	✓	x
3	Mr Saad bin Saud Al Tayyar	Director	✓	✓	✓	✓	✓	x
4	Mr Tariq Mohammed Alshoqiran	Director	✓	✓	✓	✓	✓	✓

*The Sixth meeting held is the committee annual meeting with BOD

Executive Committee

The Executive Committee tasks shall include the following:

- Submitting recommendations to BOD about the strategic and operational plans, budgets and business plans, and taking the respective necessary procedures.
- Making decisions on the issues delegated by the Board of Directors which are beyond the powers of the CEO, including issues related to capital expenditure and procurement within the limits granted by the BOD to the committee.
- Practising the full powers and privileges of the BOD in the cases of failure to hold a Board of Directors meeting where it is required or justified to take immediate action or decision unless the committee has

the authority to make a decision instead of the Board of Directors in any issue where it is prohibited to delegate authorities according to the applicable regulations; the matter that requires the approval of the shareholders of the company or to which one of the other Board of Directors committees is specifically assigned.

- Reviewing the details of the company action strategy and submitting recommendations to the BOD for approval.
- Reviewing the details of the company action plan and the budget, as well as regularly monitoring the progress in the action plan and the budget.
- Supervising the activities of the company CEO.
- Supporting and assisting the CEO based on the

need to treat specific needs or tasks.

- Reviewing the cases of coalition, integration and acquisition, as well as other strategic agreements, and submitting recommendations about them to the BOD for approval.
- Taking any other action or undertaking any other powers and responsibilities which may be appointed or authorised by the BOD from time to time.

Risk Management Committee

The Risk Committee tasks & responsibilities shall include:

- Identifying risks that the company may be exposed to and maintaining the company risk at an acceptable level.

- Identifying standards and scope of the company's ability to accept risks and submitting recommendations about that to the BOD.
- Identifying the inclusive strategy of company risk management and supervising the process of applying, reviewing and updating it annually, taking into account the internal & external developments of the company, including the best global applications.
- Ensuring the availability of the resources and sufficient laws of risk management.
- Reviewing the risk management organisational structure and developing relevant recommendations before the BOD approval.
- Reviewing the issues raised by the Audit Committee that may affect the company's risk management.
- Periodically reviewing the re-insurance assignment of structure and strategy.
- Reviewing the underwriting policies and regulations.
- Assessing and reviewing the company underwriting performance.
- Supervising the company risk management system and assessing its efficiency.
- Developing an inclusive strategy of risk management, following up implementing it, reviewing and updating it based on the internal and external changes of the company.
- Reviewing Risk Management Policies.
- Re-assessing the company's ability and exposure to risk periodically (for example, through Endurance Tests).
- Submitting detailed reports to the BOD regarding exposure to risks and suggested steps to manage these risks.

The Executive Committee has held six (6) meetings during the year 2023 to implement the tasks assigned and previously mentioned according to the attendance record below:

#	Name	Membership	Current session - the year 2023					
			28/02	13/06	08/08	10/10	22/10	27/11
1	Mr Badr bin Ali Al Ali	Chairman	✓	✓	✓	✓	✓	✓
2	Mr Fawaz bin Abdul Rahman Al-Hajji	Director	✓	✓	✓	✓	✓	✓
3	Mr Mohammed bin Ali Al Ammari	Director	✓	✓	✓	✓	x	✓
4	Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓	✓	✓

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

Governance report

(continued)

The Risk Committee has held four (4) meetings during the year 2023 to implement the tasks assigned and previously mentioned according to the attendance record below

Name	Membership	Current session - the year 2023			
		28/03	13/07	11/10	28/12
1 Mr Abdulhamed Abduaziz Alohali	Chairman	✓	✓	✓	✓
2 Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓
3 Mr Amr Alnemari	Director	✓	✓	✓	✓

Nomination and Remuneration Committee

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

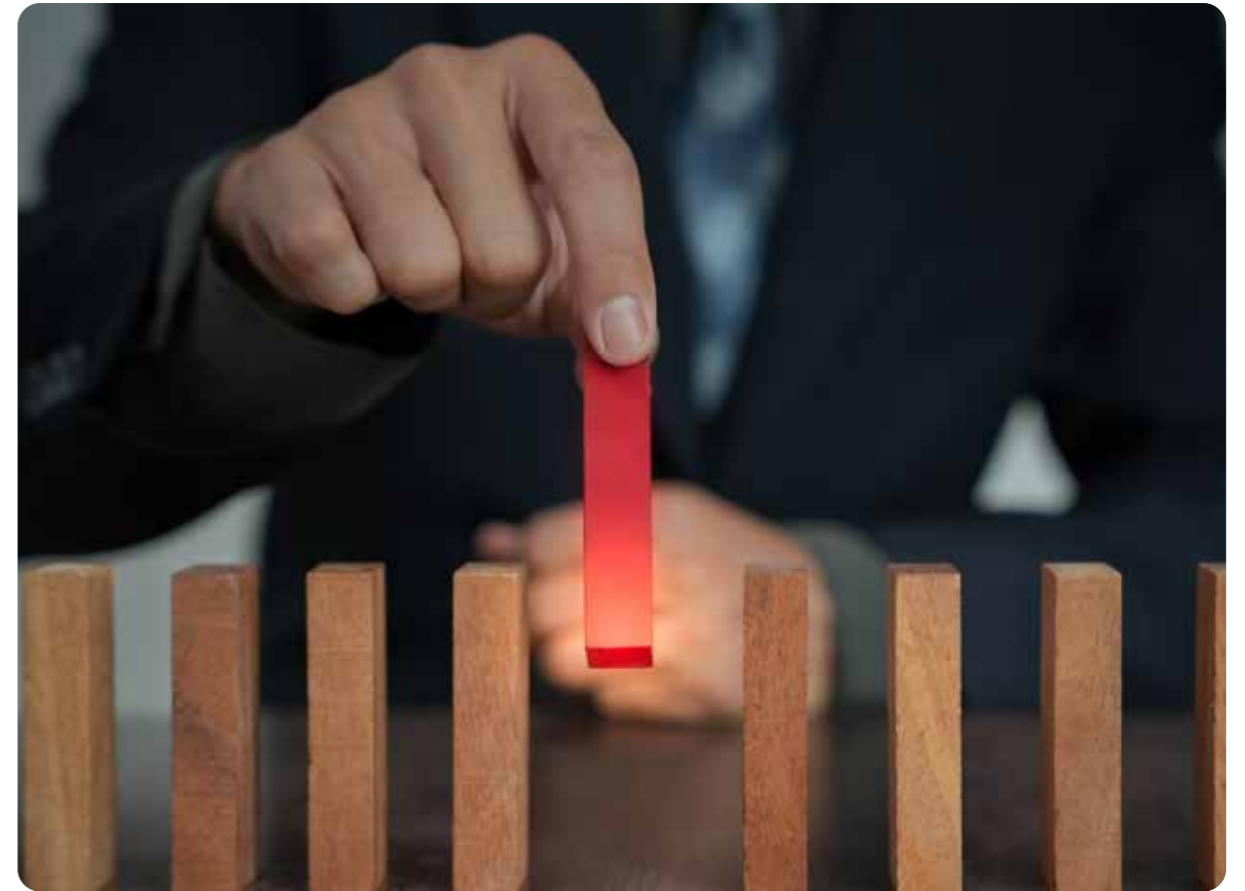
- Submitting recommendations to the BOD to run nomination processes for the Board and its committees' membership according to the regulator approved requirements, policies and standards. The committee may not nominate a person who was previously proven to have committed a crime against honour and honesty to the committee members.
- Developing a description of the required abilities and qualifications for the BOD and its committees' membership, including the time allocated by

each director to the Board and its committees' tasks.

- Developing the special procedures in the event that a position of a director or a senior executive is vacant.
- Reviewing at least annually the required needs of the suitable skills for the BOD membership and submitting solution recommendations according to the company interest in an optimal manner.
- Developing succession policies and procedures of the BOD and its committees.
- Reviewing the BOD and its committees' structure and formation, periodically specifying their weak points, suggesting the required steps to handle them and devel-

oping a job description of the executive and non-executive members, independent members and senior executives.

- Assessing at least annually the independence of the Board and its committees' members and ensuring that there is no conflict of interest in the cases where a member occupies a Board member of another company.
- Developing clear indemnification and remuneration policies of the BOD, its committees' members, the CEO and the senior management members based on their performance in achieving the company strategic goals and the modified business dividend (as the General Assembly approves).
- Confirming the necessity of an annual audit pro-



cedure of the indemnified plans for the senior management members.

- Submitting the final recommendations to the BOD about the related issues of appointing and exempting the senior management members and/or promoting the current employees to hold senior management positions according

to SAMA regulations relating to the appropriateness and suitability of persons.

- Submitting the final recommendations to the BOD about exempting the senior management members.

- Periodically assessing the BOD and its committees' members' performance (the entire Board performance and the individual performance of its members) at least on an annual basis.

- Supervising the induction program and the periodic training of the directors.

The Nomination & Remuneration Committee has held three (3) meetings during the year of 2023 to implement the tasks assigned and previously mentioned according to the attendance record below:

#	Name	Membership	Current session - the year 2023		
			12/03	03/04	10/08
1	Mr Mohammed bin Abdullah Aljumah	Chairman	✓	✓	✓
2	Mr Badr bin Ali Al Ali	Director	✓	✓	✓
3	Mr Yasir Rashid Al Rashid	Director	✓	✓	✓

Governance report

(continued)

Investment Committee

The Investment Committee tasks and responsibilities shall include the following:

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

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

managed internally or by external managers through separate mandates or investment funds.

- Appointing investment managers, evaluating their performance and specifying their charges.
- Reviewing the decisions made by the management team and the investment consultant(s).
- Providing reports on the company investment performance of risks, investment returns, provisions and any related key developments to the BOD.

The Investment Committee has held four (4) meetings during the year 2023 to implement the tasks assigned and previously mentioned according to the attendance record below:

#	Name	Membership	Current session - the year 2023			
			19/03	24/05	02/10	14/11
1	Mr Yasser Rasheed Al Rasheed	Chairman	✓	✓	✓	✓
3	Mr Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓	✓
4	Mr Fawaz bin Abdul Rahman Al-Hajji	Director	✓	✓	✓	✓

Remuneration of Board Members and Committees Members

Remuneration Policy

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

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



assessment is contrary thereto shall be invalid.

- In all cases, the total amounts of remuneration and financial or in-kind benefits a member may receive shall not exceed (SAR 500,000) Five Hundred Thousand Saudi Riyals annually.
- The maximum allowance for attending the meetings of the Board and its committees shall be (SAR 5000) Five Thousand Saudi Riyals

per meeting, excluding travel and accommodation expenses.

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

Governance report

(continued)

Board Members Remuneration Amounts in Thousands Saudi Riyals (SAR)

#	Member of the Board	Fixed remuneration							Variable remuneration								
		A certain amount*	The board meeting attendance allowance	Total committee session attendance allowance	Benefits in kind	Technical, administrative and consultative business remuneration	The Board Chairman, Managing Director or Secretary remuneration if he/she was a member.	Total	A per cent of dividends*	Periodical remuneration	Short-term promotional plans	Long-term promotional plans	Granted shares	Total	Severance pay	Grand total	Expenses allowance
First: Independent Members																	
1	Mr. Badr bin Ali Al Ali	330	25	45	-	-	-	400	-	100	-	-	-	100	-	500	-
2	Mr. Mamdouh Bin Saud Al Sharhan	350	25	-	-	-	-	375	-	-	-	-	-	-	-	375	-
3	Mr. Yasir Rashid Al Rashid	340	25	35	-	-	-	400	-	100	-	-	-	100	-	500	-
4	Mr. Amr bin Abdul Razzaq Alnemari	325	25	50	-	-	-	400	-	100	-	-	-	100	-	500	-
5	Mr. Amr bin Abdullah bin Shalhoub	305	25	70	-	-	-	400	-	100	-	-	-	100	-	500	-
6	Mr. Abdulhamid Abulaziz Alohali	350	25	20	-	-	-	395	-	100	-	-	-	100	-	495	-
7	Mr. Mohammad bin Abdullah Aljomah	350	25	15	-	-	-	390	-	100	-	-	-	100	-	490	-
	Total	2,350	175	235	-	-	-	2,760	-	600	-	-	-	600	-	3,360	-
Second: Non-Executive Members																	
1	Mr Mohammed bin Ali Al Ammari	350	25	25	-	-	-	400	-	100	-	-	-	100	-	500	-
	Total	350	25	25	-	-	-	400	-	100	-	-	-	100	-	500	-
Third: Executive Members																	
1	Mr Fawaz bin Abdul Rahman Al-Hijji	325	25	50	-	-	-	400	-	100	-	-	-	100	-	500	-
	Total	325	25	50	-	-	-	400	-	100	-	-	-	100	-	500	-
Third: Independent Members of the Audit Committee - Non-Board Members																	
1	Mr. Saad bin Saud Al Tayyar	-	-	25	-	-	-	25	-	100	-	-	-	100	-	125	-
2	Mr. Saleh Abdulrahman Al Ismaeel	-	-	25	-	-	-	25	-	100	-	-	-	100	-	125	-
3	Mr. Tareq Mohammad Alshaqran	-	-	30	-	-	-	30	-	100	-	-	-	100	-	130	-
	Total	-	-	80	-	-	-	80	-	300	-	-	-	300	-	380	-
	Total	3,025	225	390	-	-	-	3,640	-	1,100	-	-	-	1,100	-	4,740	-

Governance report

(continued)

Members of Committees:

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

- An amount of SAR 100,000 for their duties in membership of the committees.
- An amount of SAR 5000 for attending all the meetings of committees.
- Furthermore, committee members are entitled to

compensation for the expenses they may incur when attending meetings and performing their duties as committee members.

The following table shows the allowances and remunerations received by Board members and Committees members that were obtained during 2023

#	The member	Fixed remuneration (Excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Executive Committee Members				
1	Mr Badr bin Ali Al Ali	-	30	30
2	Mr Fawaz bin Abdul Rahman Al-Hajji	-	30	30
3	Mr Mohammed bin Ali Al Ammari	-	25	25
4	Mr Amr bin Abdullah bin Shalhoub	-	30	30
Total			115	115
Audit Committee Members				
1	Mr Amr bin Abdul Razzaq Alnemari	100	30	130
2	Mr Saleh Abdulrahman Al Ismaeel	100	25	125
3	Mr Saad bin Saud Al Tayyar	100	25	125
4	Mr Tareq Mohammad Alshaqran	100	30	130
Total		400	110	510
Remuneration and Nomination Committee Members				
1	Mr Mohammad bin Abdullah Aljomah	-	15	15
2	Mr Badr bin Ali Al Ali	-	15	15
3	Mr Yasir Rashid Al Rashid	-	15	15
Total			45	45

#	The member	Fixed remuneration (Excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Risk Committee Members				
1	Mr Abdulhamid Abulaziz Alohali	-	20	20
2	Mr Amr bin Abdullah bin Shalhoub	-	20	20
3	Mr Amr bin Abdul Razzaq Alnemari		20	20
Total			60	60
Investment Committee Members				
1	Mr Yasir Rashid Al Rashid	-	20	20
3	Mr Amr bin Abdullah bin Shalhoub	-	20	20
4	Mr Fawaz bin Abdul Rahman Al-Hajji		20	20
Total			60	60

Remunerations of Executive Management

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

- The remunerations and wages of the Executive Management shall be based on the internal policies and procedures of the Company, and on the job grade granted to the member of the Executive Management, except for the director of the Internal Audit Department and the

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

- It shall be considered that the remuneration and wages of the Executive Management shall be proper to the duties, responsibilities, educational qualifications, practical experience, skills and level of performance thereof.
- The company, upon being informed of any misleading information provided by a

member of the Executive Management to exploit the functional position to obtain unworthy remunerations, shall stop the remuneration of such person as soon as it becomes aware of such matter. The company may claim such remunerations that have been disbursed to him, and it may claim them with the competent authorities or inside the company.

Governance report

(continued)

- The Nomination and Remuneration Committee shall periodically review the remuneration and wages of the Executive Management to ensure that they are reasonably sufficient to attract and retain qualified and experienced persons and to urge them to develop the company in the long term.
- In the remuneration of Executive Management members, performance-related standards shall be observed, such as the remuneration in full or part is related to the performance of a member as the annual remuneration is related to his performance of its responsibilities and objectives.

Business and Achievements in 2023:

- The audit committee held 6 meetings during the year 2023, including the annual meeting with the Board of Directors, in implementation of work requirements. The meetings covered the most important parts within the scope of work, which were as follows:
- Discussing the audit committee's plan for the year 2023, which was prepared to align with governance requirements and the requirements of other supervisory authorities and to fulfil the committee's responsibilities, duties and the company's working conditions, in

addition to following up on its implementation according to the specified timeline.

- Discussing the updated charter of audit committee.
- Approving the risk based audit plan submitted by the internal audit department for the fiscal year 2023, after discussing it and following up on its implementation according to the specified schedule.
- Recommending the appointment of KPMG for professional consultations to review the company's cybersecurity and information technology operations.
- Discussing the results of the internal audit's work on a periodic basis, analyzing the risks that the company may be exposed to, studying their impact and modifying them accordingly.
- Assessing the efficiency, effectiveness and objectivity of work performed by the internal audit and compliance departments and ensuring their independence and that there were no restrictions on their scope of their work.
- Approving the compliance plan for the fiscal year 2023 and following up on its implementation.
- Recommending the adoption of the risk documents and the updated policies and procedures for AML and CTF.

- Discussing and following up on the reports issued by the supervisory and control entities and recommending the enhancement of the compliance with the relevant regulations and instructions to achieve the highest levels of compliance.

- Following up with the compliance department on a periodic basis to ensure the company's compliance with the bylaws and regulations issued by the Saudi Central Bank and other legislative bodies.

- Recommending the nomination of the company's external auditors from among the nominees to audit the company's accounts for the year 2023 and the first quarter of the year 2024 and determining their remunerations, where the committee recommended the appointment of Al-Basam and Al-Omari offices.

- Following up on the work of the company's external auditors, ensuring the continuity of their independence, ensuring that there were no obstacles affecting the progress of their work and evaluating the level of efficiency and effectiveness of their performance.

- Discussing the annual and quarterly financial statements and recommendation to the Board of Directors for their approval after reviewing and discussing them with the company's execu-



tive management and external auditors and then submitting them to the general assembly for approval.

- Reviewing the observations received from the company's internal and external auditors and following up on their implementation according to the timeline agreed upon with the company's management.

- Following up on the imple-

mentation of the committee's recommendations and observations during its previous meetings.

- Discussing receivables' balances and following up their collection with the management.
- Reviewing the actuary reports and recommending compliance with the suggestions and recommendations of the actuary.

- Discussing the company's financial situation and following up on the preparation and implementation of the appropriate corrective plans by the executive management.

- Following up on the important lawsuits filed by or against the company and reasons of their current states and make recommendation on what should be taken in this regard.

Senior Executives Remuneration in 2023

Amounts in Thousands Saudi Riyals (SAR)

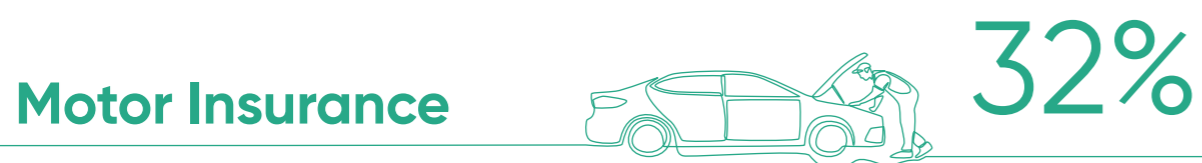
	Fixed remuneration			Total	Variable remuneration			Grand Total
	Salary	Allowance	Benefits in Kind		Annual and Periodic Allowance	Short-term Promotional Plans	Severance Pay	
5 Senior Executives Remuneration including the CEO and CFO	6,978	-	Medical insurance for the employee and his/her family and death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

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

Governance report

(continued)

Percentage of Total Insurance Premiums in 2023



Insurance Line	Product	Percentage of Total Insurance Premiums in 2023
Health Insurance	Group Medical Insurance	58%
	Individual and SME Medical Insurance	
Motor Insurance	Third Party Liability Insurance	32%
	Vehicle Damage Insurance	
	Fully Comprehensive Insurance	
General Insurance	Property insurance	10%
	Engineering insurance	
	Miscellaneous insurance	
	Marine insurance	
	Other Insurances	
	Inherent Defect Insurance	



Governance report

(continued)

Major Plans and Decision of the Company

Business Continuity Management

Malath Cooperative Insurance Company has continued making many improvements to the policies and procedures of the business continuity management program, and has continued to develop, improve, and activate the work of cybersecurity and strive to follow best practices in managing cybersecurity risks in accordance with regulatory requirements.

The scope of work and responsibilities of the Risk Management Committee have also been expanded to include all aspects related to business continuity management, in addition to continuous monitoring of levels of readiness to deal with various risks.

Investments

- Building strategic relationships with investment companies and enhancing the company's returns in investment opportunities in the local and Gulf financial markets.
- Building a diversified investment portfolio for the company and balancing risks and returns.
- Allocating an amount of

40 to 60 million SAR to invest in the Saudi Royal Markets with a major investment company.

- Allocating 5 million SAR to invest in venture capital.
- Investing in selected opportunities within the initial public offerings of the Saudi Markets (Tadawul and Nomu).
- Investing in companies before listing them on Saudi Market (Pre IPO).

Human Capital

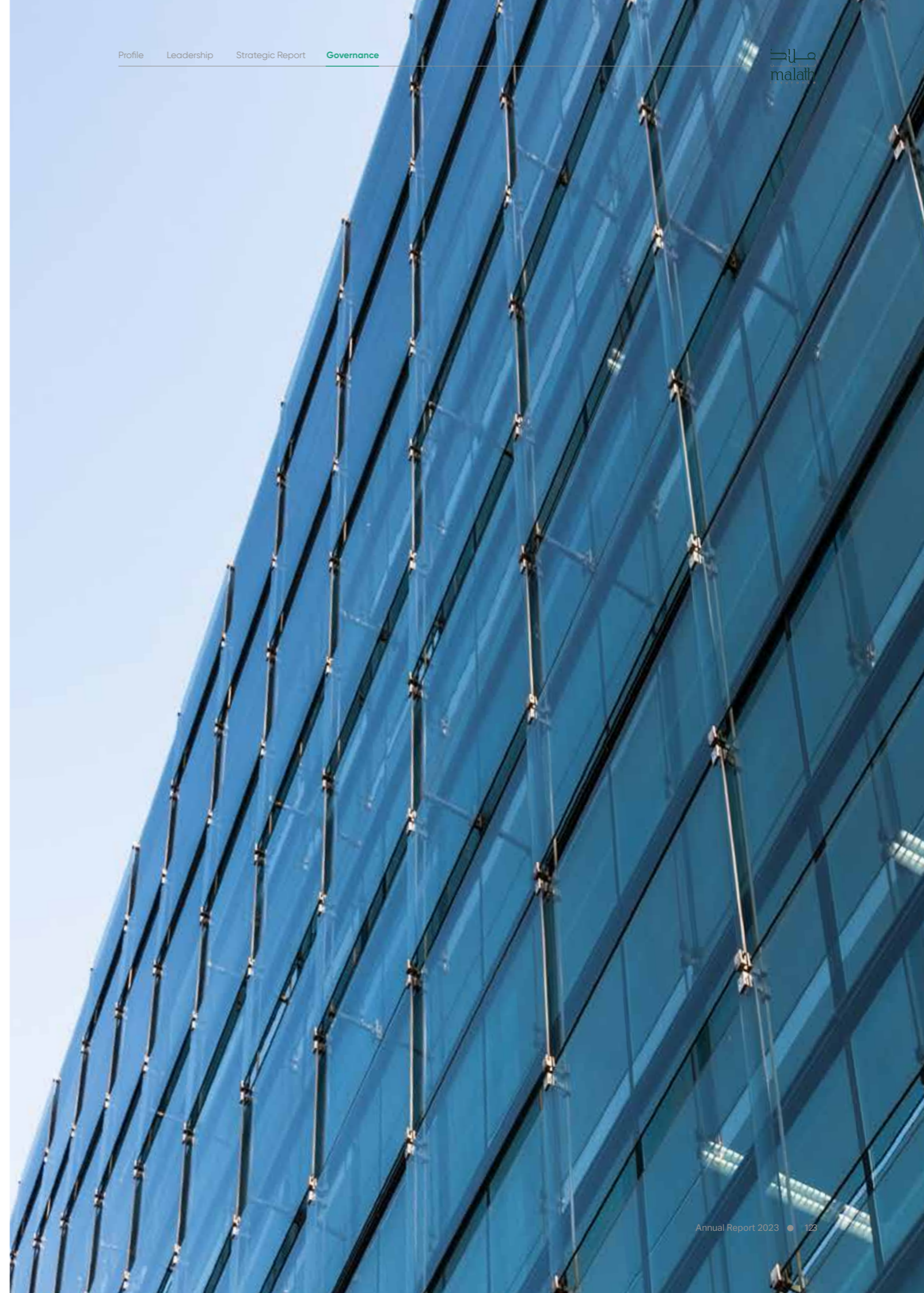
- Attracting national competencies to the Company, as the Saudization percentage until the end of 2023 remained at 73%.
- Updating policies and procedures without prejudice to the bylaws and related laws in order to facilitate the daily work procedures for human resources in the internal system.
- Developing Human Resources System.

Human Resources

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

Insurance Services

- Following-up balanced operating growth and profitability.
- Improving and enhancing the Geographical spread all over the Kingdom.
- Providing quick and user-friendly services to clients through e-services (Company website, online application, self-serving device, self-serving branch).
- Developing and enhancing electronic medical insurance services.
- Improving technical services at all internal and external levels, services provided to major clients, insurance brokers and individual clients.
- Actively participating in selling on all electronic insurance platforms within KSA with regard to sales of comprehensive vehicle insurance for individuals and against third party.
- Expanding and contracting with insurance brokers.
- Expanding and medical individual insurance such as visitor, tourism and haya.



Governance report

(continued)

Advertisements & Promotion

- With regard to marketing campaigns for products and services, the company has conducted a number of marketing campaigns through social media platforms, which are the most important technologies used in this era, including platforms such as Twitter, Snapchat and YouTube. The goal of these online campaigns was to raise awareness about the company's products and services, in addition to introducing Malath's electronic applications and solutions to facilitate their use by customers. The company also participated in the activities of Riyadh Season, where Malath Insurance was the first insurance company to display its services and products through the electronic screens used in the Boulevard area of Riyadh Season with the opening of the season using no less than 140 cardboard screens distributed in the Boulevard area and a number of Riyadh Season sites.
- Malath Insurance has renewed its partnerships with a number of service and commodity providers by providing distinguished offers to the clients of

these entities, which enhances the marketing and position of the company's brand with service providers as well as to the final consumer, who will enjoy distinguished offers and services that meet the approval of clients and partners alike.

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

Future Prospects for Company's Business

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

- Balance the portfolio of insurance products.
- Investing in human resources, developing the capabilities of the employees and improving their skills, which contributes to achieving customer satisfaction.
- Increasing the market share in the sectors of companies & SME.
- Expansion in the Western and Eastern regions to increase the market share and achieve growth rates in different regions.
- Growth and diversification of the company's investment portfolio.
- Malath seeks to strengthen its leadership in e-services, in addition to discovering non-traditional growth and expansion opportunities. Malath expects that the new procedures and initiative will contribute to improving the company's results, increasing customer satisfaction and meeting their needs by launching a package of ambitious initiatives that are in line with its future aspirations.

Statutory Penalties

Current Financial Year - 2023

Violation	Number of Executive Decision - 2	Financial Penalty (SAR)	Total Amount of Fines (SAR)
Violation of Central Bank's supervisory and regulatory instructions (Controls for verifying clients of financial technology companies)	The executive decision included: 1) Warning the company from the central bank for the violation. The company has worked out a plan of corrective measures to address this 2) Imposing a fine of SAR45,000.	45,000	105,000
VIOLATION OF SUPERVISORY AND REGULATORY INSTRUCTIONS OF THE CENTRAL BANK	The executive decision included: 1) Warning the company from the central bank for the violation. The company has worked out a plan of corrective measures to address this 2) Imposing a fine of SAR60,000.	60,000	

Previous Financial Year - 2022

Violation	Number of Executive Decision -	Financial Penalty (SAR)	Total Amount of Fines (SAR)
Violating Central Bank instructions related to Cybersecurity risks	The executive decision included: 1) Warning the company from the central bank regarding cyber security. The company has worked out a plan of corrective measures to address this 2) Imposing a fine of SAR200,000.	200,000	Of the total amount (SAR 528,300), SAR 200,000 has been paid off, and SAR 328,300 was paid in 2023. If an issue still arises, this can be seen through the Court of Appeal.
VIOLATING THE INSTRUCTIONS OF THE HEALTH INSURANCE COUNCIL	The executive decision included a warning from the Health Insurance Council related to the violation	-	
LAWSUIT FILED BY THE HEALTH INSURANCE COUNCIL ON 11 APRIL 2021 AGAINST THE COMPANY	-	328,300	

The Audit Committee discussed violations of the Central Bank's instructions with the supervisory administration and management Accordingly, corrective plans have been developed for these violations, and it should be noted here that they have been implemented Allocate the appropriate approach to avoid the occurrence of such violations in the future. It was also presented to the Board of Directors.

Governance report

(continued)

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

Article No.	Provision of Article / Paragraph	Extent of Application	Remark:
Article No. 37 Paragraphs 1 and 2 of the Corporate Governance Regulations issued by the Market Authority Finance for training	<p>The company must focus on training and qualifying its Board of Directors, committees, and executive management, considering the following:</p> <ol style="list-style-type: none"> Preparation of induction programs for newly appointed members, covering: <ol style="list-style-type: none"> Company strategy and objectives. Financial and operational aspects. Board members' obligations, duties, responsibilities, and rights. Company committee tasks and powers. Establishment of mechanisms for continuous training and courses for Board members, committee members, and executive management to enhance their skills and knowledge relevant to the company's activities. 	N/ A	Guidance material, not mandatory
Article No. 82 Paragraphs 1,2,3 of the Corporate Governance Regulations issued by the Capital Market Authority entitled Motivating Employees	<p>The company establishes programs to develop and motivate the participation and performance of the company's employees, which should include - in particular - the following:</p> <ol style="list-style-type: none"> Forming committees and holding specialized workshops to listen to the opinions of the company's employees and discuss with them the issues and topics that are subject to important decisions. Programs for granting employees shares in the company or a share of the profits it achieves and retirement programs, and establishing an independent fund to spend on these programs. Establishing social institutions for the company's employees. 	N/ A	Guidance material, not mandatory

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

Article No.	Provision of Article / Paragraph	Extent of Application	Remark:
Article No. 84 of the Corporate Governance Regulations issued by the Capital Market Authority entitled Social Responsibility	<p>The Ordinary General Assembly - based on a proposal from the Board of Directors - shall establish a policy that ensures the establishment of a balance between its objectives and the objectives that society aspires to achieve. For the purpose of developing the social and economic conditions of society.</p>	N/ A	Guidance material, not mandatory
Article No. 85 Paragraphs 1,2,3,4 of the Corporate Governance Regulations issued by the Capital Market Authority entitled Social Work Initiatives	<p>The Board of Directors sets programs and determines the necessary means to launch the company's initiatives in the field of social work, including the following:</p> <ol style="list-style-type: none"> Establishing measurement indicators that link the company's performance to the initiatives it provides in social work, and comparing this with other companies with similar activity. Disclosing the social responsibility objectives adopted by the company to its employees and making them aware and educated about them. Disclosing plans to achieve social responsibility in periodic reports related to the company's activities. Develop community awareness programs to introduce the company's social responsibility. 	N/ A	Guidance material, not mandatory

Governance report

(continued)

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

Article No.	Provision of Article / Paragraph	Extent of Application	Remark:
Article No. 75 Paragraphs A and B of the Corporate Governance Regulations issued by the Capital Market Authority entitled Internal Audit Report	A) The internal audit unit or department prepares a written report on its work and submits it to the Board of Directors and the Audit Committee at least quarterly. This report must include an evaluation of the company's internal control system and the results and recommendations reached by the unit or department, and a statement of the actions taken by each department regarding the treatment of the results and recommendations of the previous audit and any observations thereon, especially in the event that they were not addressed in a timely manner and the reasons for that.	N/ A	Guidance material, not mandatory
	B) The internal audit unit or department prepares a written general report and submits it to the Board of Directors and the Audit Committee regarding the audit operations conducted during the fiscal year and comparing them with the approved plan, indicating the reasons for any violation or deviation from the plan - if any - during the quarter following the end of the relevant fiscal year.		

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

Article No.	Provision of Article / Paragraph	Extent of Application	Remark:
Article No. 92 of Corporate Governance Regulations issued by the Capital Market Authority entitled Forming a Corporate Governance Committee	<p>If the Board of Directors forms a committee specialized in corporate governance, it must delegate to it the powers stipulated in accordance with Article Ninety-One of these regulations.</p> <p>This committee must follow up on any issues related to governance applications and provide the Board of Directors, at least annually, with the reports and recommendations it reaches.</p>	N/ A	Guidance material, not mandatory
Article No. 90 Paragraph (A-4-B) of the Corporate Governance Regulations issued by the Capital Market Authority entitled Disclosure of Remuneration	<p>A) The Board of Directors is committed to the following:</p> <p>4) Statement of the necessary details regarding the rewards and compensation paid to each of the following separately:</p> <p>B) Five senior executives who received the highest rewards from the company, including the CEO and CFO</p>	N/ A	Guidance material, not mandatory

Governance report

(continued)

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

The General Assembly of Malath Cooperative Insurance Company authorized the Audit Committee to assume the responsibility of supervising and independently monitoring the performance of the company's control functions and reviewing the interim and annual financial statements of the company and its internal control systems.

Accordingly, the committee carried out its tasks and responsibilities as detailed in the audit committee charter, the governance regulations published on the company's website, instructions and regulations issued by the regulatory and supervisory authorities, its approved authorities and in light of the results of financial statements and the information provided by the executive management and the external auditors and internal control framework.

The Audit Committee held 6 meetings during the year 2023, including the annual meeting with the Board of Directors, in implementation of work requirements.

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

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

company's activity and taking what the current circumstances require in consideration.

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

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

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

		The Ordinary General Assembly (2nd Meeting) 01/05/2023
Name		
1	Mr Mamdouh bin Saud Al Sharhan	✓
2	Mr Yasser Rashid Al-Rasheed	✓
3	Mr Amr bin Abdul Razzaq Alnemari	✓
4	Mr Amr bin Abdullah bin Shalhoub	✓
5	Mr Fawaz bin Abdul Rahman Al-Hijji	✓
6	Mr Mohammed bin Ali Al Ammari	✓
7	Mr Badr bin Ali Al Ali	✓
8	Mr. Muhammad Abdullah Aljumaa	✓
9	Mr. Abdul Hameed Abdulaziz Al-Ohali	✓



Governance report

(continued)

Shareholder Rights Change List

Amounts in Thousands Saudi Riyals (SAR)

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

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

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

Description	Capital	Regulatory reverse	Accumulated deficit	Change in fair value of investment that available for sale	Dividends or losses of specified benefit plans re-measurement	Total
Total year comprehensive profit	-	-	(156,174)	(12,901)	-	(169,075)
Balance on 31 December 2016	300,000	2,131	(213,080)	308	-	89,359
Total year comprehensive profit	-	-	(17,028)	(654)	(1,754)	(19,436)
Capital decrease*	(180,000)	-	180,000	-	-	-
Capital Increase - priority right shares	380,000	-	-	-	-	380,000
Clauses were amended and added to the other inclusive income list after categorising lists according to IFRS requirements*	-	-	-	346	197	543
Balance on 31 December 2017	500,000	2,131	(50,108)	-	(1,557)	450,466
Total year comprehensive profit	-	-	2,630	(231)	(2,774)	(375)
Balance on 31 December 2018	500,000	2,131	(47,478)	(231)	(4,331)	450,091
Total year comprehensive profit	-	-	5,182	865	(709)	5,338
Balance on 31 December 2019	500,000	2,131	(42,296)	634	(5,040)	455,429
Total year comprehensive profit	-	-	7,548	39	(2,556)	5,031
Balance on 31 December 2020	500,000	2,131	(34,748)	673	(7,596)	460,460
Total year comprehensive profit	-	-	(85,827)	(144)	(3,089)	(89,051)
Balance on 31 December 2021	500,000	2,131	(120,408)	529	(10,676)	371,409
Impact of the initial application of IFRS 17 Insurance Contracts	-	-	(12,792)	-	-	(12,792)
Impact of the initial application of IFRS 9 Financial Assets	-	-	1,384	33,664	-	35,048
Impact of the initial application of IFRS 16	-	-	(114)	-	-	(114)
Balance on 1 January 2022	500,000	2,131	(131,930)	34,193	(10,676)	393,718
Total year comprehensive profit	-	-	(41,207)	(299)	1,803	(39,703)
Balance on 31 December 2022	500,000	2,131	(173,137)	33,894	(8,873)	354,015
Total year comprehensive profit	-	-	38,188	4,048	(6,161)	36,075
Balance on 31 December 2023	500,000	2,131	(134,949)	37,942	(15,034)	390,090

Governance report

(continued)

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

Amounts in Thousands Saudi Riyals (SAR)

	2023	2022	Changes + or -	Change percentage
REVENUES				
Insurance service revenue	934,712	973,092	(38,380)	-4.11%
Insurance Service Expenses	(844,801)	(981,587)	(136,786)	16.19%
Insurance service result before reinsurance contracts held	89,911	(8,495)	98,406	109.45%
Allocation of reinsurance premiums	(62,013)	(66,732)	(4,719)	7.61%
Amounts recoverable from reinsurance	(10,448)	36,268	(46,716)	447.13%
Net expenses from reinsurance contracts held	(72,461)	(30,464)	41,997	-57.96%
Insurance service result	17,450	(38,959)	56,409	323.26%
Investment income on financial assets at amortised cost	20,716	21,976	(1,260)	-6.08%
Investment income on financial assets at FVTPL	19,664	8,450	11,214	57.03%
Net credit impairment losses on financial assets	(24)	22	(46)	191.67%
Other investment income	114	1,072	(958)	-840.35%
Net investment income	40,470	31,520	8,950	22.12%
Finance expenses from insurance contracts issued	(15,830)	(8,681)	7,149	-45.16%
Finance income from reinsurance contracts held	3,488	2,455		
Net insurance finance expenses	(12,342)	(6,226)	6,116	-49.55%
Net insurance and investment result	45,578	(13,665)	(59,243)	-129.98%
OTHER INCOME / (EXPENSES)				
Other operating expenses	(18,341)	(23,899)	(5,558)	30.30%
Other income	19,951	6,474	13,477	67.55%
TOTAL OTHER INCOME / (EXPENSES)	1,610	(17,425)	19,035	1182.30%
Net income/(loss) attributable to shareholders before zakat	47,188	(31,090)	78,278	165.89%
Zakat charge for the year	(9,000)	(10,288)	(1,288)	14.31%
Net income/(loss) attributable to shareholders' operations	38,188	(41,378)	79,566	208.35%
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share	0.76	(0.83)		
Weighted average number of shares issued throughout the year (thousands)	50,000	50,000		

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

	2021	2020	2019
REVENUES			
Gross premiums written	942,107	781,568	835,236
Reinsurance premiums ceded			
- Local	(4,823)	(5,065)	(5,310)
- International (includes premium ceded through local broker)	(45,640)	(54,705)	(65,110)
	(50,463)	(59,770)	(70,420)
Excess of loss expenses	(14,257)	(18,890)	(17,278)
Net premiums written	877,387	702,908	747,538
Movement in unearned premiums, net	(98,675)	17,085	(83,178)
Net premiums earned	778,712	719,993	664,360
Reinsurance commissions	8,322	15,052	17,786
Other underwriting income	1,016	4,996	2,694
NET REVENUES	788,050	740,041	684,840
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(733,914)	(600,381)	(558,429)
Reinsurers' share of claims paid	16,848	47,652	29,217
Net claims paid	(717,066)	(552,729)	(529,212)
Movement in outstanding claims, net	30,310	18,614	(51,158)
Movement in IBNR, net	(10,949)	(24,941)	66,210
Movement in additional premium reserve	11,225	(22,323)	(1,702)
Movement in other technical reserve	(768)	(59)	9,092
Net claims incurred	(687,248)	(581,438)	(506,770)
Policy acquisition costs	(65,830)	(78,930)	(71,602)
Other underwriting expenses	(21,003)	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	(774,081)	(660,368)	(578,372)
NET UNDERWRITING INCOME	13,969	79,673	106,468
OTHER INCOME/(EXPENSES), NET			
Provision for doubtful debts	(7,046)	(3,154)	1,075
Salaries and staff related costs	(75,150)	(75,695)	(71,151)
Other general and administrative expenses	(45,546)	(36,722)	(45,882)
Investment income	30,394	32,742	25,486
Other income	10,529	25,591	2,185
Reversal of impairment on available for sale investments	-	238	1,184
TOTAL OTHER INCOME/(EXPENSES), NET	(86,819)	(57,000)	(87,103)
Net (loss)/income for the year	(72,850)	22,673	19,365
Net income attributed to insurance operations	-	-	(1,000)
Net (loss)/ income for the year attributable to shareholders before zakat	(72,850)	22,673	18,365
Zakat charge for the year	(12,810)	(15,125)	(13,183)
Net (loss)/ income for the year attributable to shareholders	(85,660)	7,548	5,182
Loss/earnings per share			
Basic and diluted earnings per share (Saudi Riyals)	(1.71)	0.15	0.10
Weighted average number of shares in issue throughout the year (thousands)	50,000	50,000	50,000

The Company Policy of Dividends

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

Dividends Distribution Policy

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

shareholders on the dates set by BOD.

Announcing the distribution of profits

- The decision on the announcement and payment of dividends, including the decision on the number of dividends and the procedures for its payment, shall be made by the General Assembly of shareholders according to the recommendations of BOD.
- The decision on the announcement and payment of dividends will be a separate topic on the agenda of the General Assembly of shareholders.
- The decision on determining the amount of the dividends and the procedures for its payment will be made by the BOD in its meeting when the initial distribution of the company's net profits for the year is approved, and it is recommended to the General Assembly of shareholders.
- The decision on announcing the distribution of shares shall be taken in accordance with the company's articles of association.

Description of Transactions & Operations with the Relevant Parties

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



Governance report

(continued)

Description of any Interest, Contractual Papers and Underwriting Rights belonging to the Board Members and their relatives in the company shares or debt instruments of the company 2023 AD:

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

Description of any Interest, Contractual Papers and Underwriting Rights belonging to the senior executives and their relatives in the company shares or debt instruments of the company 2023 AD:

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

Share Activities and Debt Instruments

During the period ended on 31 December 2023, there are no debt instruments issued by the company. In addition, neither person has any interest in the category of voting shares. Furthermore, the Board members, senior executives and their family members have no interest, option rights or underwriting

rights. The company did not issue or grant convertible debt instruments or any option rights, notes or similar rights during that period.

Moreover, conversion or acquisition rights under convertible debt instruments, option rights or similar rights certificates

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

Governance report

(continued)

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

Number of company applications of shareholder record	Application date	Application reasons
First application	30/01/2023	Company Procedures
Second application	01/04/2023	Company Procedures
Third application	01/05/2023	Company Procedures
Fourth application	09/05/2023	General Assembly
Fifth application	18/05/2023	Company Procedures
Sixth application	24/05/2023	Company Procedures
Seventh application	10/07/2023	Company Procedures
Eighth application	21/08/2023	Company Procedures
Ninth application	27/09/2023	Company Procedures

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

All amounts are in Saudi Riyals (SR 000) unless otherwise stated
2023

Description	Paid	Due at the end of the annual financial period and unpaid	Brief description	Reason description
Zakat	2,043,687.01		Zakat payments of SAR 2,043,687.01 were made in 2023 to the authority, while zakat related to the year 2023 is due in April 2024.	Regulatory requirement
Taxes	69,408,236.60	2,929,940	The amount paid belongs to withholding tax and value-added tax for the period from January to November 2022. December 2023 VAT is due on January 31, 2024.	Regulatory requirement
Saudi Central Bank	4,387,275.04	849,943.33	Saudi Arabian Monetary Agency examination fees	Regulatory requirement
Health Insurance Board (CCHI)	5,034,674.95	841,755.00	CCHI Inspection fees	Regulatory requirement
The General Organization for Social Insurance (GOSI)	8,335,630.56	714,276.84	The amount owed to GOSI is for December 2023 contributions with a due date of January 17, 2024	Regulatory requirement
Visa and Passport Fees	328,553.54	-	The costs of issuing visas for non-Saudi employees have been paid	Regulatory requirement
Labour Office Fees	886,525.00	-	The costs of employment cards for non-Saudi employees have been paid	Regulatory requirement



Governance report

(continued)

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

The company has a savings program for employees, according to which a specific percentage is deducted from the employees' salaries. This amounted to SAR 1,017,234.38 as of 31st December 2023.

Board Acknowledgment

The Board shall acknowledge the following:

- Account records were developed appropriately.
- Internal Audit System is developed on suitable principles and executed effectively.
- There are no doubts about the ability of the company to continue its business.
- There are no loans taken by the company (whether payable or others).
- There are no arrangements or waiver agreements, under which a shareholder of the company waives any rights of dividends.
- There is no conflict between any recommenda-

tions of the audit committee and the Board decisions, and there are no recommendations of the committee refused by the BOD regarding the auditor appointment, dismissal, charges identification and performance evaluation or the internal auditor appointment.

- There are no reservations in the auditor reports, including reservations regarding the annual financial statements.
- No penalty, precautionary attachment or sanction imposed by any judicial, supervisory or regulatory authority on any of BOD members, having a relationship with the company.
- There are no major shareholders at the company.
- Consolidated financial statements were prepared in accordance with international financial standards, and in accordance with the Company's bylaws and Articles of Association with respect to the preparation and publishing of financial statements.



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