

Scaling the Heights

Our saga to date tells of a historic journey of exponential growth and diversification. At inception, we focused on building capacity while setting a tone and an ethos. Very rapidly, we were making inroads regionally and building scale. And last year, Saudi Re recorded phenomenal growth and achieved industry-leading excellence regionally. In the years ahead, we have set our sights on scaling the heights in the international sphere, embracing greater diversification as we go.

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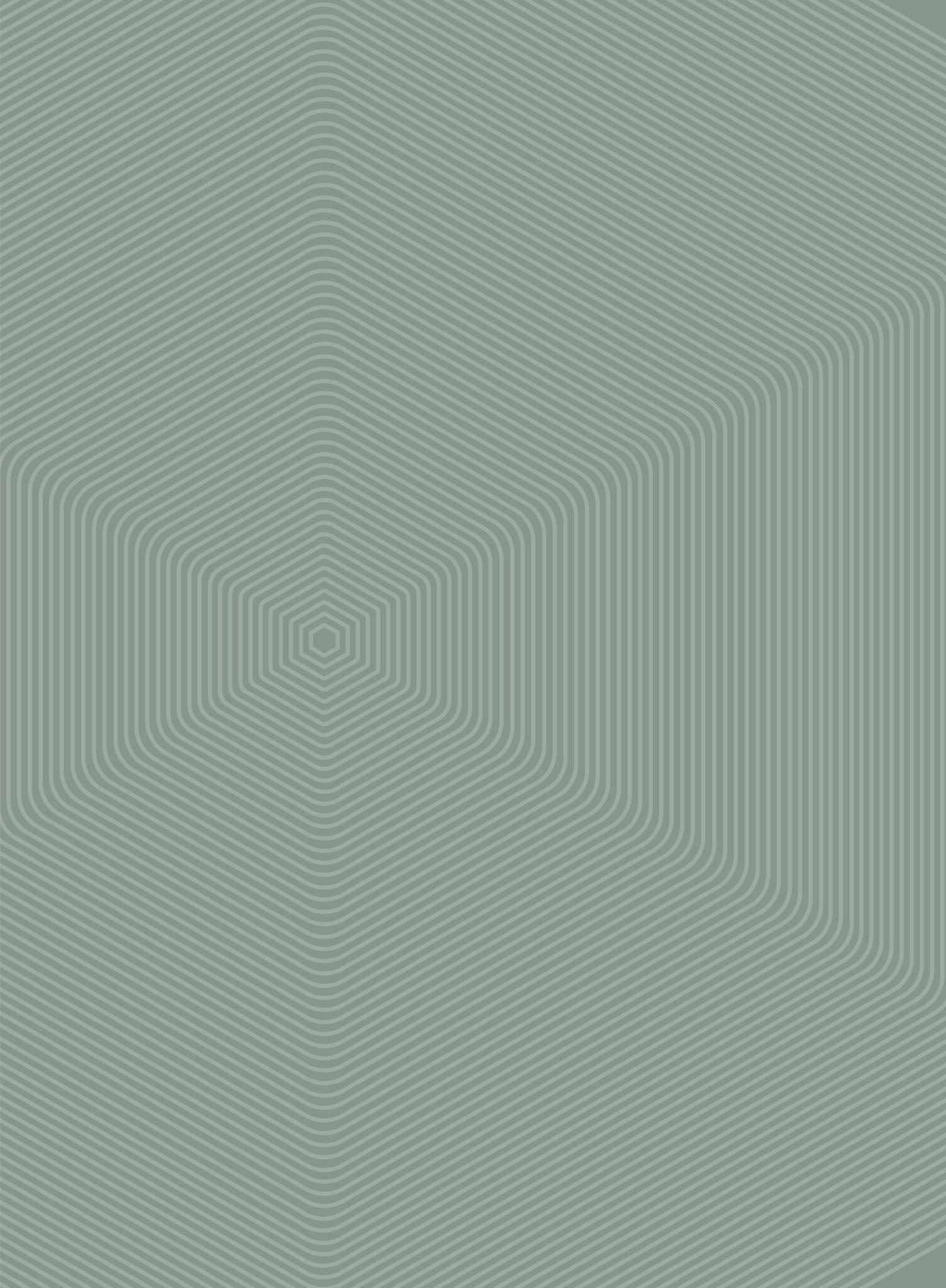
SUPPLEMENTARY
INFORMATION

CORPORATE
GOVERNANCE

ESG REPORT

BUSINESS CONTEXT, STRATEGY,
AND PERFORMANCE

OVERVIEW



Saudi Re's Directors' Report 2021 has been prepared in accordance with integrated reporting principles. Continuing the tradition of issuing a Financial Report, a Sustainability Report, and a Directors' Report. The Report's purpose is to communicate to the Company's stakeholders its strategy, governance, and performance in light of the operating environment.

1.1 REPORT BOUNDARY

Unless otherwise specified, the Report covers Saudi Re's operations. Saudi Re and its associates are included under the financial reporting boundaries.

1.2 REPORTING PERIOD

The Report covers the period from 1 January 2021 to 31 December 2021. This is consistent with our previous financial and sustainability reporting, as well as the Directors' Report. There are no restatement of previous reports' information and no significant changes to the scope and aspect boundaries of earlier reports. The most recent Directors' Report, Sustainability Report, and Financial Report were all for the fiscal year ending 31 December 2020.

The Report is available in both English and Arabic, and in the event of a discrepancy between the two, the Arabic version will prevail.

1.3 COMPLIANCE

This Report complies with all applicable rules, regulations, and standards of the Saudi Central Bank (SAMA), the Capital Market Authority (CMA), the Ministry of Commerce (MOC), and other regulatory agencies.

1.4 FINANCIAL STATEMENTS

The Financial Statements for the fiscal year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, as well as other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA) (collectively referred to as "IFRS endorsed in KSA").

1.5 QUERIES

Investor Relations Department
Email: Invest@saudi-re.com
Phone: +966 11 510 2000 Ext: 181
Website: www.saudire.net
IR App:

IOS



Android



2. ABOUT SAUDI RE

OUR VISION

To evolve into a large and diversified reinsurer contributing to the growth of our economy and be ranked among the Top 50 global reinsurers.



Saudi Re was established and listed at the Saudi Exchange in 2008 as the first and only specialized licensed reinsurance company in the Kingdom.

Saudi Re operates under the supervision of the Saudi Central Bank (SAMA), taking advantage of being based in a G20 economy which has one of the world's fastest growing insurance markets. Saudi Re has a paid up capital of SR 891 million (USD 237.6 million) and is rated A3 with a stable outlook by the credit rating agency Moody's and AA+ by its Saudi equivalent, Tassnief. Being the only specialized reinsurer in the Kingdom provides a competitive advantage for Saudi Re, which offers opportunities for growth and development. Saudi Re has capitalized

on this domestic advantage in building a strong entity, which has served as a stepping stone for expansion to global markets. We took the first step in international operations, with expansion into the MENA region in 2010. Another milestone was reached in 2014, when the first branch outside Saudi Arabia was opened in Malaysia. Today, the Company's operations have a wide geographical spread, encompassing the Middle East, UK, Africa, and Asia. The international business accounts for over 57% of the overall portfolio. Saudi Re is a

full-fledged reinsurance company that specializes in facultative and treaty reinsurance solutions in the classes of property, engineering, liability, marine, motor, life, and health.

Saudi Re strives to contribute to Saudi Arabia's Vision 2030 by being aligned with the goals of expanding the non-oil sector and non-oil exports. The Company also contributes to the economy, by maximizing the local content of reinsurance and retaining the reinsurance premiums within the Kingdom, as well as its role in the financial services export.

The Company has built strong client relations through both direct and broker channels. The client relationships are prudently managed by market-based underwriting teams. The client servicing is enhanced by a sound technological, analytical and communication infrastructure. Our underwriting expertise enables sound assessment of risks. This is built on by our strong analytical actuarial skills, leading to judicious pricing. Saudi Re has also built strong relationships with retrocession reinsurers to minimize risk. Such protection becomes especially important in the eventuality of catastrophic events.

Like practically all industries, the COVID-19 pandemic was a major challenge for the reinsurance industry. But Saudi Re not only smoothly continued its operations through the pandemic, but even grew its business, both locally and internationally.

This growth, in the face of an economic downturn, speaks volumes about the resilience of our business operations.

In formulating our strategies and policies, we look beyond the bottom line. We follow a sustainability framework that is based on international practices and is focused on incorporating ESG criteria into reinsurance practices. We are also a Sharia-compliant company, which ensures that sustainability is factored into our investment decisions. Saudi Re has also incorporated sustainability into its supply chain practices, by ensuring its procurement processes are prudently formulated and executed.

Having weathered the storms of the COVID-19 pandemic, we are assured of the robustness of our business model, strategies and operations. We look forward to continued growth in the years to come, where we will also make a growing contribution to the Saudi economy, society, and the goals of Vision 2030.

OUR VALUE PROPOSITION



3. VALUE DRIVERS: 2021 AT A GLANCE

**GWP
SR 1.1 billion**

among the 3 largest companies in the Middle East

CAGR 19%

strong growth momentum in 2019-2021

10% capital

increase by bonus shares

40+ countries

presence

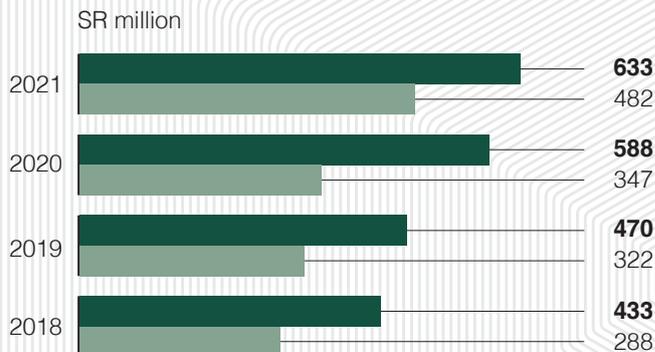
57%

International business

Platinum category

Netaqat

Gross Written Premium (GWP)



International KSA

Net profit
SR 38.9 million

UW Profit
SR 71.6 million

SR 3.1 billion
total assets

A3
stable outlook credit
rating by Moody's

ESG,
first GCC

reinsurer to issue
sustainability report

Sharia
compliance
certificate

Reinsurance
Company
of the Year
award 2021

Awards and recognition

Saudi Re has won the Reinsurance Company of the Year.

Shortlisted by MEIRA for best printed annual report and first reinsurance company to be shortlisted in this particular category.



4. FIVE-YEAR SUMMARY

Some key financial indicators for the period 2017-2021 are shown below:

REVENUES

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Gross written premiums	1,115,880	935,114	792,848	721,605	942,007
Retroceded premiums	123,898	132,993	127,844	72,997	274,514
Net written premiums	958,968	772,639	646,605	616,896	636,922
Net earned premiums	854,730	647,120	642,535	613,615	595,834
Total revenues	874,406	659,814	660,711	630,083	607,091

TOTAL COMPREHENSIVE INCOME

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Net income for the year	38,309	45,918	45,444	13,722	38,888
Other comprehensive income/loss	(2,124)	2,191	(3,012)	3,036	(1,962)
Total comprehensive income	36,185	48,109	42,423	16,758	36,926

TOTAL COSTS AND EXPENSES

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Total policyholders' costs and expenses	(852,669)	(629,166)	(593,467)	(578,524)	(569,950)
Total shareholders' costs and expenses	(13,174)	(10,447)	(9,684)	(9,224)	(10,894)
Total costs and expenses	(865,842)	(639,614)	(603,151)	(587,748)	(580,844)

INVESTMENT INCOME

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Shareholders' investment/income	46,293	34,533	37,855	13,218	55,450
Reinsurance investment income	4,440	3,795	9,299	5,340	6,977
Total Reinsurance investment income	50,732	38,329	47,154	18,559	62,427

NET INVESTMENT INCOME

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Shareholders' investments	42,969	33,765	36,341	9,702	46,503
Reinsurance operations investments	3,975	3,674	9,139	4,936	6,472
Total net investment income	46,944	37,439	45,479	14,638	52,975

SURPLUS/DEFICIT FROM REINSURANCE OPERATIONS

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Surplus/(deficit) from reinsurance operations	23,141	30,890	31,662	12,339	3,279

NET INCOME FROM SHAREHOLDERS' OPERATIONS

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Net income from shareholders	38,309	45,918	45,444	819	25,453

TECHNICAL RESERVE POSITION

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Technical reserves	1,603,938	1,343,897	1,126,114	1,081,668	1,039,024

TOTAL ASSETS

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Reinsurance total assets	1,998,858	1,751,312	1,640,548	1,456,378	1,598,517
Shareholders' total assets	1,118,611	1,056,898	1,013,762	1,002,393	1,030,884

5. CHAIRMAN'S STATEMENT

Our strategic vision is to evolve into a diversified reinsurance company that's among the 50 largest global reinsurance companies that will support the growth of our economy.



Dear Shareholders,

The COVID-19 pandemic has continued to test the resilience of individuals, organizations and nations for two years. Relying on our spirit of resilience, expertise and well-crafted strategies we mitigated the impacts of the pandemic and delivered increased value to our stakeholders.

5.1 A CHALLENGING OPERATING CONTEXT

Compared to the economic contraction of 3.2% in 2020, the global economy was on a rebound and is estimated to have recorded a growth of 5.9% for 2021. Although the growth in economic activity in the second quarter of 2021 was stronger than expected, the impact of

the COVID-19 variants led to increased mobility restrictions and financial market volatility at the end of 2021. The rapid evolution of business and operating models has created new risks such as cybercrime and supply chain disruption, whilst pandemic-related costs and low interest rates placed additional stress on insurers and reinsurers influencing pricing, risk appetite, underwriting practices, and capacity supply. Even as these risks create both challenges and opportunities, we extended ongoing support to our clients with the knowledge and expertise necessary to meet these challenges.

5.2 A WINNING STRATEGY

The success of our strategic focus is reflected in our solid performance as we supported resilience in challenging times. Our strategic vision is to evolve into a large and well-diversified reinsurer contributing to the growth of our economy and be ranked among the Top 50 global reinsurers.

We have taken into consideration several key factors in our strategy formulation, including the evolution of the (re)insurance regulatory landscape, the international reinsurance landscape and global consolidation trends, our national agenda, and creating shareholder value. We focused on leveraging our competitive advantage in the Saudi market through improved market retention and capitalizing on the growth prospects of our economy.

Diversification remains central to our strategy as we strive to minimize concentration and accumulation risks to ensure a well-balanced

reinsurance portfolio. To achieve this, we are spreading our business across many business lines, striking a balance between proportional and non-proportional contracts and through geographic diversification. Our portfolio is spread across over 40 markets in the Middle East, Asia, Lloyd's market and Africa.

Through ongoing investment in capability building, we have empowered our teams across underwriting, actuarial, analytical, and claims management to deliver an exceptional service to our clients. In line with our strategy to develop international business, we have been successful in building strong relationships with partners and brokers outside our home market, projecting an image of an emerging and reliable Middle Eastern reinsurer. Our prudently expanding international footprint testifies to our diversification strategy with international business representing 57% of our portfolio in 2021. This signifies our ability to deploy our technical and business development capabilities to build a strong footing in the international markets during challenging times to reinforce profitable growth.

In response to the pandemic, we have significantly enhanced our communication facilities and data connectivity and strengthened cybersecurity protection to ensure maximum availability of our IT services to deliver an uninterrupted service to our clients.

5.3 A ROBUST PERFORMANCE

The effectiveness of our business model is amply demonstrated in our resilient and robust performance for the year. The Gross Written Premium (GWP) grew by 19.33% to SR 1,116 million in 2021, recording the highest YoY growth in the history of Saudi Re. Total assets grew by 11.18% to SR 3.12 billion, while our technical reserves reached SR 1.6 billion as of 31 December 2021. 2021 earnings were supported by an increase in the net underwriting income by 2.5%, while investment income grew by 25% creating a reasonable balance between the two revenue streams. In 2021, the capital was increased by 10% through a share bonus, demonstrating favorable shareholder value. We demonstrated strong financial flexibility with non-existent leverage and good access to capital markets. Our strong asset quality is manifested by our investment portfolio, which is considered to be on a par with that of an A-rated company. The solid financial position was also reflected in maintaining our A3 rating by Moody's with a stable outlook.

5.4 OUR COMMITMENT TO SUSTAINABILITY

Being among the region's leading reinsurers, setting the standard in sustainability is part of our mandate. Recognizing the role of sustainable insurance in meeting the changing demands of stakeholders, we redeveloped our sustainability framework with a focus on integrating Environmental, Social and Governance (ESG) factors into our business model for sustainable practice. Our sustainability framework was developed through the combined consideration of the best interests of stakeholders and in alignment with national and international standards including the United Nations Sustainable

The effectiveness of our business model is amply demonstrated in our resilient and robust performance for the year. The Gross Written Premium (GWP) grew by 19.33% to SR 1,116 million in 2021, recording the highest YoY growth in the history of Saudi Re.

5. CHAIRMAN'S STATEMENT

Development Goals (UN SDGs) and the Principles for Sustainable Insurance (PSI). As the first Middle Eastern reinsurer to publish a sustainability report, we aim to set the bar in adopting sustainable practices and ESG performance voluntary disclosure and improve the image of insurance in society. As a Sharia-compliant company, we believe that sustainability resides within our core business and investments.

5.5. OUR NATIONAL CONTRIBUTION

We remain committed to national development, supporting the actualization of the Saudi Vision 2030. We create opportunities for Saudi citizens through training and development and empowering women. We increased the Saudization ratio to 75% in 2021 as part of our endeavor to develop a national reinsurance industry.

Being the sole reinsurer in a transforming market, we serve as a catalyst for promoting professional practices, improving offerings, and addressing insurance gaps. Capitalizing on our technical and financial capabilities, we engaged in several initiatives including contributing to the development of the technical standards and leading the mandatory inherent defects insurance program, which aims to provide protection to assets and the enhance the quality of constructions.

Saudi Re efforts further align with the national agenda by contributing to the retention of reinsurance premiums within the Kingdom in support of local content development and also by exporting reinsurance services, which accords with the national goal to grow the non-oil gross domestic product.

5.6 BUILDING AN ORGANIZATION OF REPUTE

As a responsible reinsurer, we are dedicated to the highest standards of corporate governance. In tandem with national and international regulations, we aim to build an environment that promotes trust, transparency, and accountability; fostering long-term investment, financial stability and business integrity within the economy. Our governance system ensures the protection of the rights of shareholders and stakeholders, emphasizing the competency and accountability of the Board and the executive management team. To that effect, in 2021, we conducted an independent Board effectiveness assessment, which provided recommendations on means to further improve the Board effectiveness and therefore company performance. Also, our 2021 Annual Report contains extended corporate information beyond regulatory disclosure requirements for the purpose of providing the stakeholders with additional insights into Saudi Re business and performance.

5.7 A LOOK TO THE FUTURE

Looking ahead, we firmly advance with the execution of our Strategy Towards 2026 as we aim to sustain diversified and profitable growth. Our competitive advantage in our home market offers unique opportunities locally and at the same time serves as a stepping stone for diversification internationally. We are eyeing organic and non-organic growth opportunities in the international markets that can improve earnings through scale building and diversification. Our future endeavors remain focused on serving shareholder interest.

5.8 GRATEFUL THANKS

The year 2021 has not been an easy one, but we look ahead with confidence in our business and resolve to continue working towards our vision. I extend my appreciation to our employees for their engagement and dedication in these unprecedented times. I am grateful to the regulators for their valuable advice and guidance. I thank our investors for their continued trust and support, and our clients around the world for their confidence in our Organization.

We are truly committed to creating sustainable value for you.

Mr Hesham Al-Shaikh
Chairman of the Board of Directors

6. CHIEF EXECUTIVE OFFICER'S REVIEW



We set out with a clear ambition to evolve and diversify as a company that can reliably serve the risk and growing reinsurance needs of the Kingdom.

Resilience remained a key contributor to the recovery of global economies as well as the reinsurance industry over the past two years. Beyond the pandemic and the permanent changes it brought about in the reinsurance industry, 2021 presented us with a set of new challenges such as rising inflation levels while natural catastrophes continued to become more frequent.

Saudi Re was established with the very mandate to withstand large-risk events and contribute to building resilience across local and international markets, providing coverage to support our clients in a rapidly evolving risk environment. In line with our long-term strategy towards 2026, we set out with a clear ambition at the onset of 2021 to evolve and diversify as a company that can

reliably serve the risk and growing reinsurance needs of the Kingdom, aiming to become among the top 50 global reinsurers.

Progressing towards our goals, our Gross Written Premium (GWP) increased scale by 19.3% to SR 1.1 billion in 2021, marking the highest premium level achieved in the history of Saudi Re and reinforcing our status among the top ranked Middle Eastern reinsurers. The increase in GWP was attributed to business growth across the Kingdom, Lloyd's market as well as many of the 40 territories in which we operate. In the domestic market, Saudi Re benefitted from regulatory developments and a recovering economy to achieve a 39% growth in GWP. Driven by our focus on diversification, Saudi Re maintained a healthy portfolio composition consisting 57% international business. We recorded

a promising 15% growth in GWP in Asia, having had the foresight to understand the region's substantial market potential. Additionally, Probitas Holdings (Bermuda) Limited, of which Saudi Re acquired a 49.9% ownership stake, also recorded a strong performance in 2021 with its subsidiary Probitas Syndicate 1492 sustaining its ranking among the top performers of Lloyd's of London for the year. Business development and expanding markets also increased economies of scale for Saudi Re in line with our strategic plan, reducing volatility and enabling our growing portfolio to absorb larger losses.

We fortified our robust financial position with a 11.2% growth in our asset base to SR 3.1 billion in 2021 while our technical reserves reached SR 1.6 billion, demonstrating a very healthy solvency ratio of 160%. This strong financial position has contributed to Saudi Re maintaining an A3 insurance financial strength rating by Moody's in 2021 with a stable outlook, reflecting industry expectations for the Company to maintain profitability, capital adequacy, adequate level of reserves and strong asset quality demonstrated by its investment portfolio.

6. CHIEF EXECUTIVE OFFICER'S REVIEW

Driven by our focus on diversification, Saudi Re maintained a healthy portfolio composition consisting 57% international business.

However, the year under review also witnessed unusual flood events in the Asian book of business and challenging market practices affecting the performance of the Life book business, which resulted in an increase in the net claims incurred. This has moderated the growth of the underwriting income, resulting in the net underwriting income increasing by 3.6% to SR 71.63 million.

Despite these challenging market conditions, Saudi Re maintained its track record of profitability in 2021 by recording a net profit of SR 38.3 million, resulting in a 4.4% growth in total shareholders' equity to SR 964 million by the end of 2021.

The year also saw our continued investments in digital transformation, human resource development and upgrading technology infrastructure as we further streamlined our operations and progressed towards analytics, data integration, and enhanced data quality. Supported by a strong data framework of globally benchmarked data warehousing and business intelligence infrastructure, Saudi Re also entered into an agreement with the leading catastrophe (CAT) risk solutions company, RMS, to acquire and employ the RMS CAT modelling for better insight into the Asian risk space. This makes Saudi Re the only reinsurer in the region with the analytical and actuarial capabilities along with unmatched data depth to understand uncertainties by leveraging risk-and-region-specific catastrophe modelling.

The development of our human capital remained a key strategic priority with a continuous focus on employees participating in a number of technical and soft skills programs in partnership with highly recognized local and international training providers and business schools as part of the Saudi Re Development Program (SRDP). We increased our Saudi nationalization ratio to 75% in 2021, taking accountability as an industry leader to develop local talent while also contributing towards the Kingdom's Vision 2030 goals. The proportion of women in our workforce continued its double-digit growth with an 11.5% increase in 2021, bringing the total female representation at Saudi Re to 30.2%.

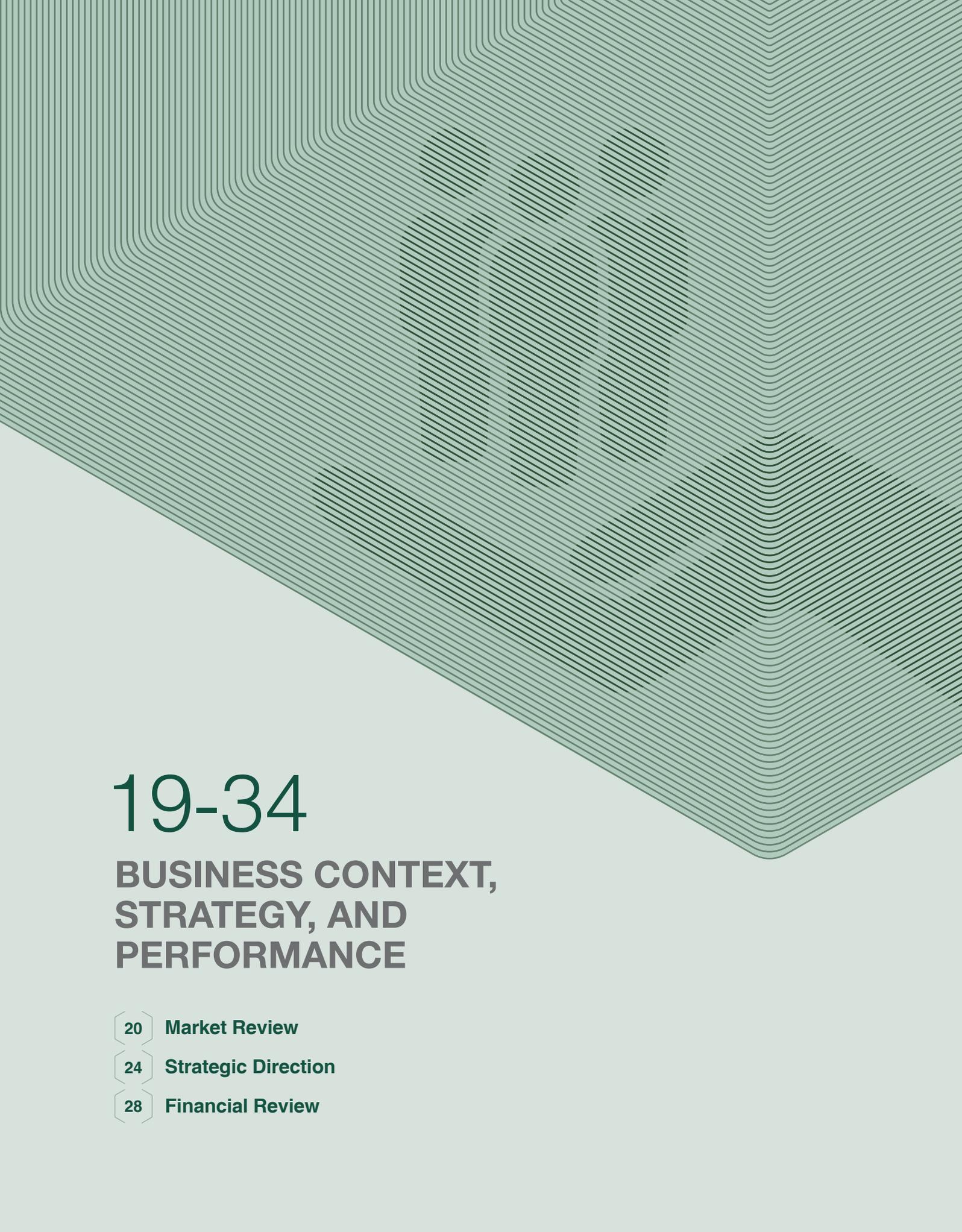
We have also focused our efforts towards elevating the compliance and regulatory frameworks that guide and govern our operations during 2021. We steadily progressed in our adoption of the new International Financial Reporting Standard IFRS 17 and acquired advanced solutions to enable our transition to fully implement the standard for the annual reporting period beginning on 1 January 2023. Our redeveloped sustainability framework continued to focus on integrating Environmental, Social and Governance (ESG) factors into the Saudi Re business model, making us the first GCC reinsurer to publish a sustainability report and demonstrate voluntary disclosure of our ESG performance, setting exemplary benchmarks for the sector.

Drawing from the success of 2021 and the milestones we marked by surpassing SR 1 billion in GWP, we will continue to strengthen our long-term relationships with clients and brokers as a key facet of our strategy. As we step into 2022, we will continue to focus on playing a more prominent role as a leading national reinsurer as part of our Strategy Towards 2026, leveraging our favorable position in the Saudi market and its vast growth opportunities, while also discovering new markets for internationalization. Saudi Re was named "Reinsurance Company of the Year" at the 8th Middle East Industry Awards 2021, a recognition that will fuel our efforts in the next 12 months as we continue to elevate the benchmark of the regional reinsurance industry.

We thank our employees for their dedication and hard work, and are proud of our achievements in 2021.

Thank you,

Mr Fahad Al-Hesni
Managing Director and
Chief Executive Officer



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7. MARKET REVIEW

7.1 GLOBAL CONTEXT

The global economy is on a rebound from the contraction of 3.2% it suffered in 2020, owing to the COVID-19 pandemic. The World Economic Outlook (WEO) Report (January 2022) estimates a global growth of 5.9% for 2021. The expected growth rates vary widely across countries and regions, with vaccine access being a major determinant.

The growth in economic activity in the second quarter of 2021 was stronger than expected, but subsequently there was the impact of the Delta variant. The emergence of the Omicron variant led to increased mobility restrictions and financial market volatility at the end of 2021. It has also dampened expectations for 2022. Worsening supply constraints have put greater pressure on vaccine rollout to control the pandemic. However, vaccine resistance is likely to limit vaccination rates in many countries to 70-80%. Despite the risks posed by Omicron, generally speaking governments have shown a reluctance to rush back into lockdowns. Vaccination rates in major developing economies and emerging economies are likely to remain below 50% until 2023.

Global stock markets have generally turned in a solid performance in 2021, as they did in 2020, despite the impact of the pandemic still continuing. MSCI's World index has increased by 21.82% driven by COVID-19 recovery, and massive support from central banks that have continued to flow. The S&P 500 has increased in value by 27%, while Nasdaq 100, which heavily weights tech stocks, was up by 26.63%.

European banks recorded a stellar performance with the SX7P index notching a 34% gain. Emerging market equities however, performed dismally, losing 2.54% in value as indicated by the MSCI Emerging Markets index. The main cause was a 30% drop in Hong Kong listed Chinese tech stocks.

The performance of commodity markets too has been outstanding. With a return to near-normalcy in some of the largest economies, oil and natural gas prices surged by 50% and 48% respectively, but still remained below pre-pandemic levels. Copper, Zinc, and especially Aluminium have also recorded impressive gains. There has been a slump in gold prices, whereas agricultural markets have boomed.

Supply constraints have been another drag on the economic recovery. There have been a number of contributory causes including pandemic induced travel and transport restrictions, underinvestment in transport infrastructure and electronics production, and resistance of labor to return to some high-risk areas. Some resulting constraints have been lack of shipping containers, port closures, shortage of computer chips, shortage of truck drivers, and electricity shortages. Supply bottlenecks are likely to continue into 2022, and possibly even 2023.

The WEO report projects a global growth of 4.4% for 2022. The biggest uncertain factor is China, which is the most significant driver of growth. There are also concerns regarding increasing inflation, particularly in developed countries. While there are clouds on the horizon, the expectation for the advanced countries remains one of cautious optimism. The Russian – Ukrainian conflict is having an impact which stretches far beyond their borders. It is having a severe impact on prices of commodities such as wheat, petroleum, and gas, which is causing a surge in inflation.

7.2 GLOBAL/ REGIONAL REINSURANCE CONTEXT



The year 2021 saw a surge in catastrophic events, notably flooding in Europe, Hurricane Ida, and severe storms in the US. The insured catastrophic losses in 2021 are estimated to be the fourth highest

since 1970. The projected total large loss was over USD 100 billion, with Hurricane Ida alone accounting for nearly USD 30 billion. Business and operating models are evolving rapidly, creating new risks such as cybercrime and supply

chain disruption. Pandemic related costs and low interest rates are also placing additional stress on insurers and reinsurers and accordingly influenced pricing, risk appetite, underwriting practices and capacity supply.

Globally, the renewals on 1 January 2022, reflected changing market conditions as reinsurers adjusted risk appetite and pricing thresholds in response to ongoing and emerging challenges. Reinsurers continued to expand client differentiation based on individual placement characteristics. There was also differentiation based on loss-impacted and non-loss impacted programs.

Advanced preparation, planning and managing clients' expectations were critical to achieving satisfactory renewal outcomes. Identifying key renewal drivers and alignment with partner appetite led to better pricing and capacity allocations.

The Middle East and North Africa (MENA) insurance market has been affected by numerous factors since 2020. COVID-19 has resulted in an economic slowdown, which has had a negative impact on insurers and led to increased pricing and reduced capacity in many areas. In the present context, when companies are focused on reducing costs, this is having an adverse impact on local markets.

In MENA, most local insurers are generally not able to act as a leader on large insurance programs due to limited local capacity, which has led to increased dependence on the reinsurance market. However, the international reinsurance market itself is transitioning, and seeing widespread increased rates and reduced capacity. Larger insurance programs placed in MENA are also impacted by these changes; international reinsurers are taking a smaller share of many risks in the MENA region. Additionally, reinsurers are becoming more selective on the risks they do reinsure, and are applying more exclusion – for example, around pandemic-related claims. Reinsurers have also become more stringent on premium payment, in order to improve liquidity and control bad debt reserves.

As rates increase in many different parts of the MENA region, risk management will assume even more importance, especially as many companies look to restructure their insurance programs and, in some cases, retain more risk.

7.3 LOCAL CONTEXT

The Saudi economy was forecasted to grow at 2.9% in 2021, after contracting by 4.1% in 2020. A major driver of this growth is the non-oil sector, which is forecasted to expand by 3.5%. This aligns with the Kingdom's Vision 2030, one of the major objectives of which is diversifying away from oil-dependence. A non-oil sector that is showing strong growth is the real estate sector. This is being driven by the goal of reaching 70% home ownership by 2030. The non-oil industrial sector also performed well, with close to 500 factories being commissioned with a job creation potential of 30,000. The oil sector, including petro-chemical products, has also recorded significant growth, bolstered by relaxation of production cuts and higher prices.

The GDP of the Kingdom expanded by 6.8% in the fourth quarter of 2021, compared to the corresponding quarter in 2020. For the year as a whole the growth over the previous year was 2.9%. The Saudi economy ranked second among the G20 countries in terms of economic performance. The growth was heavily driven by higher oil prices. The oil sector and the non-oil sector grew year-on-year in the third quarter by 9% and 6.2% respectively. Sectors such as travel, restaurants and entertainment picked up during the year and this growth is expected to continue. Public debt recorded an increase from SR 854 billion at the end of 2020 to SR 923 billion at the end of the first half of 2021. New debt of SR 96 billion was issued this year which is sufficient to cover the fiscal deficit for 2021.

A growth of 7.4% is forecast for 2022, though there is uncertainty surrounding how oil prices will move. A fiscal surplus of SR 90 billion, or 2.5% of GDP, is forecast for 2022. In 2021 the estimated deficit is 2.7% of GDP. The expected surplus in 2022, will be the first since the collapse of oil prices in 2014. The easing of the pressure of COVID-19 expenses is also expected to contribute to the growth in GDP, and the fiscal surplus.

Local content development, as an important growth driver in Vision 2030, has gained momentum in many sectors including the insurance sector with the

aim of localizing the production of goods and services to raise competitiveness and increase socio-economic value.

Several giga projects are in the pipeline which will drive the growth of the Saudi economy in the years to come including Neom, AMAALA, and Qiddiya. The Red Sea Project, being executed by the Red Sea Development Company, is an ambitious regenerative tourism project. It is a project that will blaze a new trail in combining tourism with preserving the natural environment. It will expose visitors to the natural beauty and rich cultural heritage of Saudi Arabia's Red Sea Coast.

Also, Jeddah Downtown project was announced to develop 5.7 million square meters in central Jeddah with an investment of SR 75 billion.

The National Industrial Development and Logistics Program (NIDLP) is one of the programs launched under Saudi Arabia's Vision 2030. The NIDLP envisions transforming the Kingdom into a global industrial and logistics hub, in four targeted sectors: industry, mining, logistics and energy. It is focused on embedding industry 4.0 and is projected to create 1.6 million jobs.

7. MARKET REVIEW

7.4 LOCAL INSURANCE AND REINSURANCE CONTEXT



The Saudi insurance market is among the largest and fastest growing insurance markets in the region, benefiting from a progressive G20 economy and favorable regulatory environment. The Kingdom enforces mandatory insurance for certain categories of risk. All vehicles must have at least third party liability insurance cover. The Saudi Government mandates private health insurance, or expat health insurance, for all foreign nationals and expatriates residing in the Kingdom. Private sector employers should provide cover for all employees, and their family members who are residing in the Kingdom.

Inherent Defects Insurance (IDI) became mandatory for all non-government construction projects, with a ten-year cover, in the Kingdom from 2020. This will ensure the mitigating of infrastructure risks, and will give clients of cedants more assurance of the quality of buildings. Saudi Re has been granted exclusive reinsurance of the IDI program.

Led by the Saudi Central Bank, new lines of insurance were introduced in 2021 including employers default liability, event cancellation liability, drones liability, COVID-19 travel insurance, self-driven motor insurance and domestic helpers insurance. Other lines of business under development include insurance for domestic helpers and third party liability on high risks and crowded sites.

As part of the development of the regulatory framework, the Cooperative Insurance Control Law has been

amended in 2021 to set a new minimum capital requirement of SR 300 million for insurance and reinsurance licensees.

Gross Written Premiums in Saudi Arabia for the year 2021, was reported at SR 40 billion, as against SR 37 billion in 2020, an increase of 9%.

The reinsurance market in the Kingdom witnessed correction in pricing and underwriting terms; however with the flow of cross-borders activities the market remains competitive.

7.5 KEY MARKET DRIVERS AND SAUDI RE RESPONSE

The (re)insurance market is witnessing new social, economic and regulatory norms driving market players to adapt. The market is generally still characterized by stiff competition and puts pressure on companies' earnings. Considering the various market dynamics and with aim to strengthen its competitiveness, Saudi Re has developed its Strategy Towards 2026 which focuses on solidifying its presence in its home market as well as diversifying in international markets.

One of the key challenges for reinsurers is the increasing frequency of catastrophic events. With the impact of climate change, such events are likely to become more and more frequent. This will doubtless have an impact on how underwriters assess risk in the future. On the other hand, the increasing catastrophic risk brings

new opportunities for reinsurers, as primary insurers will consider it prudent to take cover against such risks. Risks are also being posed by the increasing complexity of macroeconomic conditions. Digitalization has tremendous potential to bring improvements in analysis; thereby in risk-assessment and pricing, since much of the industry is yet to adopt the latest technology.

In June 2021, Saudi Re signed a new agreement with RMS, the World's leading catastrophe risk solutions Company, to adopt RMS CAT modelling solutions. This will provide a more comprehensive view across the Asian market, and will enhance risk analysis across a wide geographical spread including India, China, and the Philippines.

The impact of COVID-19, and the resulting health crisis, has increased the demand for health insurance. The changing work practices have increased risks such as cyberattacks. With more and more employees working remotely, an insecure home internet connection can make a company vulnerable to a large scale cyberattack. The pandemic has raised the issue of whether pandemic – induced losses are covered under business continuity policies. This depends on the terms of the policies but also to some extent it is subject to interpretation by the courts.

Throughout the insurance and reinsurance industries, COVID-19 is driving the digitization of business and operating models. The trend is

Saudi Re has crafted its digital transformation to cope with the digitization demands which focuses on transforming into a flexible and advanced digital infrastructure and acquiring sophisticated tools for better service delivery.

happening across the front, middle, and back offices. The pressure for insurers' capabilities to match customer needs, is also contributory to this. At the same time, in light of the increasing threats of cyberattacks, information security and data privacy became a key priority for the sector. In response to this, Saudi Re has crafted its digital transformation to cope with the digitization demands which focussed on transforming into a flexible and advanced digital infrastructure and acquiring sophisticated tools for better service delivery. Saudi Re has also updated its cybersecurity strategy and framework to cope with this challenge in alignment with the relevant regulations of Saudi Central Bank and other regulatory bodies.

Insurers and reinsurers are becoming increasingly conscious of ESG considerations. Risk management is a key factor driving this trend. Many insurance companies invest for the long term, while risks such as those arising from climate change can be short term. Therefore ESG factors pose serious risks to them. The Net-Zero Insurance Alliance, convened by the UN, has as its membership 15 of the World's leading insurers and reinsurers. They are committed to transitioning their portfolios individually, to net zero GHG emissions by 2050.

Saudi Re has restructured its sustainability approach to evolve around ESG principles and has been among the first companies to issue a sustainability report. Since Saudi Re follows Sharia principles, sustainability is built into its investment practices. Saudi Re avoid investing in businesses that have adverse impacts on society; Saudi Re business activities promote equality, inclusion, and economic prosperity. The (re)insurance industry is undergoing changes in regulations and accounting standards. IFRS 17, originally issued in June 2017, has broad impacts on insurance and reinsurance. IFRS 17 provides updated information about the rights, obligations, risks and performance arising from insurance contracts. It also increases transparency in financial reporting by insurance companies, and ensures consistent accounting for all insurance contracts, based on a measurement model. The Saudi Organization for Certified

Public Accountants (SOCPA) has adopted IFRS 17 amendments in addition the Central Bank has put in place a roadmap for the sector to ensure a smooth transition toward the new standards. In compliance to this, Saudi Re is progressing in the adoption of the new standards and has completed the implementation of a new engine, which will facilitate the transition and enable the production of the financial statements in line with the new requirements.

In general, Saudi Re regularly performs assessment of the market trends and emerging risks through its enterprise risk management framework and strategic planning framework. In addition, the governance structure of Saudi Re ensures the protection of the rights of shareholders and other stakeholders. It also ensures compliance with the laws, regulations, and directives issued by the regulatory bodies.

8. STRATEGIC DIRECTION

Saudi Re has weaved a deeply thought out Strategy Towards 2026 with a clear vision to “Evolve Saudi Re into a diverse and strong top 50 global reinsurer, contributing to the growth of the Kingdom’s economy”. The Company has set out a clear ambition to evolve into a large well-diversified reinsurance company that can reliably serve the

risk and growing reinsurance needs of the Kingdom, and contribute to its economic growth.

The strategy takes into consideration:

- Evolution of the local (re)insurance landscape and strategic course set by the Saudi Arabian regulator.

- International reinsurance market landscape and global consolidation trend in the quest for scale benefits.
- National agenda and key strategic objectives related to the (re)insurance sector.
- The need to build shareholder value.

To cement its position as a national champion, Saudi Re has based its strategy on two key strategic objectives that foster its local and international growth

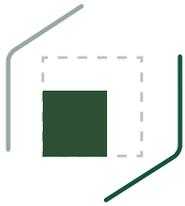


Consequently, Saudi Re will be able to support the Kingdom’s national agenda by:

- Providing strong and reliable protection of national assets against a broad range of risks
- Fueling economic growth and access to long-term capital by retaining reinsurance premiums in the local market and avoiding outward foreign exchange flows
- Generating local employment opportunities for highly qualified professionals
- Providing proximity and local market knowledge to cedants

The above-mentioned strategy, accompanied by the corresponding capability build-up and balancing of global expansion, sets Saudi Re on a path that ensures growth, profitability, and diversified risk exposure.

The strategic plan was developed taking into consideration the various market trends, including economic, geopolitical, social, technical and technological aspects. The strategy continues to evolve around the following five pillars:



Scale

Scale, which relates to increasing the economic scale, earnings and capital base, and building resilience to loss events.



Diversification

We aim at diversification, both geographically and also in terms of risk type, in which we endeavor to maintain a well balanced portfolio.



Technical and operational capabilities

We continually seek to develop our capabilities. These encompass technical capabilities, risk management capabilities, technological and operational capabilities, and human capital.



Relationships

We value strong relationships, especially with cedants, brokers, partners, and regulators. Our corporate brand is also a strong factor in our relationship building.



Financial soundness

Financial soundness is also a key facet in the robustness of our business. We need to retain our technical profitability, capital adequacy and ensure favorable returns on investment.

Building economy of scale is significant to reduce volatility and allows the portfolio to absorb large losses. Scale benefits leads to more investments into developing capabilities and fuel operational expenses. It also supports investments performance by earning investment income from premium floats.

Looking ahead, we intend to leverage our competitive advantage in the Saudi market, through continued market retention and capitalizing on the growth of the Saudi economy. We also intend to achieve sustainable long-term growth in inherent defects insurance and other classes. We foresee continued opportunities in high-growth markets in the Middle East and Asia, as well as benefits from our Brand and cooperative model. Continued expansion of business through the Lloyds market is also on the cards. A major step in increasing our international footprint was the acquisition of a 49.9% stake in Probitas Holding, Bermuda in 2017, enhancing our position as an international player.

Diversification is central to our strategy, which seeks to minimize correlated risks, concentration risks, and accumulation risks. This ensures a well-balanced reinsurance portfolio and reduced volatility. Saudi Re is also seeking to reduce risks by spreading our business across many business lines and also by striking a balance between proportional and non-proportional contracts. We also strive for geographic diversification, with our portfolio at present being spread across over 40 markets in the Middle East, Asia and Africa. The international business today accounts for 57% of our portfolio.

In the interests of continued expansion of our business, we keep a balance between direct and broker channels. Through client diversification, we reduce our long-term dependence on major clients. Diversification also helps support our rating position.

We continually strive to build strong capabilities which span the entire gamut of operations of the reinsurance industry. Our underwriting team has strong professional skills, backed by

prudent policies, with an understanding of the regional risk profile. Our risk appetites are also well defined. Saudi Re's actuarial and analytical teams build on the risk assessments done by the underwriters, to work out premiums judiciously. Our claims management, supported by technical accounting, is also streamlined. Saudi Re also makes efficient use of retrocession, to mitigate the impacts of volatility. Growth and decision-making are facilitated by advanced capital modelling capabilities.

Our operational capabilities include technological, decision-making and human resources skills. Our client servicing is well supported by technological, analytical, and communication infrastructure. High responsiveness, especially to client needs, is facilitated by our lean and cost efficient infrastructure. A holistic approach to risk ensures that prudent policies and programs are implemented. The risk management process is closely monitored by the risk, technical and Audit Committees of the Board.

8. STRATEGIC DIRECTION

Strengthening our long-term relationships with clients and brokers is also a key facet of our strategy. Our underwriting teams prudently manage the client relationships, and we seek to establish strong links with high-value counterparties. Our markets in Asia are served by the branch in Kuala Lumpur.

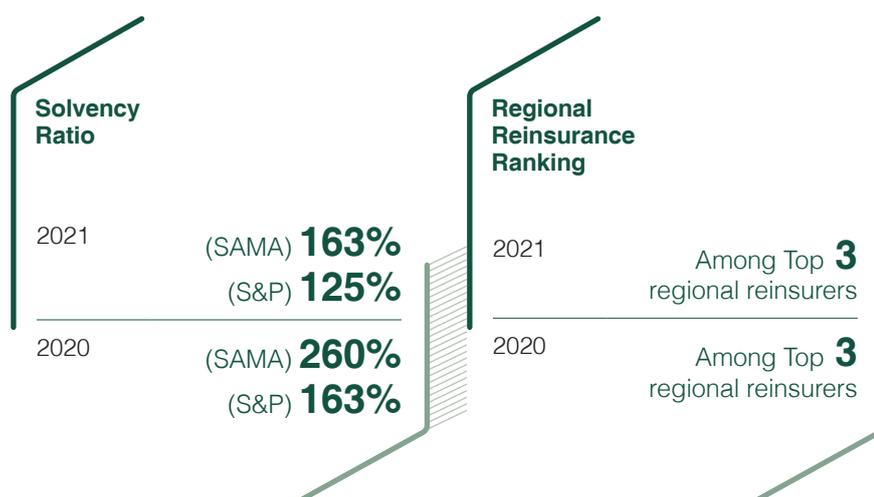
Brokers also play a vital role in our business process. Leveraging the strong links, we have established with retrocession insurers, enables us to increase our capacity by reducing risk.

We continuously monitor our financial soundness to ensure the financial health of the Company, with appropriate indicators for all criteria. Some of the criteria are generic while others are specific to the reinsurance industry. Among the criteria monitored are:

- Capital adequacy and solvency – measured by appropriate ratios
- Asset quality – this includes quality of investment portfolio and asset liability matching
- Retro and actuarial provisions – we maintain a high quality retrocession program
- Management strength – effective enterprise risk management program
- Earnings and profitability – measured by appropriate ratios
- Liquidity – we maintain a highly liquid investment portfolio
- Sensitivity to market risk – Limited exposure to equity markets

8.1 ALIGNMENT OF PERFORMANCE WITH THE STRATEGY IS MONITORED THROUGH A SET OF KEY PERFORMANCE INDICATORS (KPIs)





8.2 COMMON SUCCESS FACTORS IN THE REINSURANCE INDUSTRY AND SAUDI RE'S PROGRESS

Success factors	Description	Saudi Re's Progress
Clear strategy and proposition	<ul style="list-style-type: none"> Clear value proposition improves market perception Accepted role with brokers and cedants ensures continued receipt of premiums from targeted segments 	<ul style="list-style-type: none"> Evolving into a large and well diversified reinsurance company Strong and responsive relationships with brokers and cedants
Geographic diversification	<ul style="list-style-type: none"> Increasing diversification both geographically and across lines of business, increases capital efficiency and reduces loss volatility 	<ul style="list-style-type: none"> Portfolio is diversified over 9 lines of business and spread across 40 markets
Scale benefit	<ul style="list-style-type: none"> increasing the economic scale, earnings and capital base, and building resilience to loss events 	<ul style="list-style-type: none"> Increasing scale is one of our strategic pillars Achieving CAGR ratio of 19% during the last three year (2019-2021)
Strong client/distribution relationships	<ul style="list-style-type: none"> Strong relationships with large international brokers and global distribution platforms, ensure reinsurer receives continued business Competent underwriters will improve ability to generate new business 	<ul style="list-style-type: none"> We establish strong links with high value counterparties and our underwriting teams prudently manage the client relationships
High limits/line leader	<ul style="list-style-type: none"> High limits and underwriting capacity increase reinsurers attractiveness 	<ul style="list-style-type: none"> Growing ample underwriting capacity and prudently engaging as a lead reinsurer
Active broad range of risks	<ul style="list-style-type: none"> Writing a broad range of risks increases visibility with brokers Showing flexibility on terms improves relationship with brokers 	<ul style="list-style-type: none"> Saudi Re offers main lines of business in life and non-life, both in Treaty and Facultative
"A-rated" capital	<ul style="list-style-type: none"> Requirement to compete for attractive business Strongly preferred by cedants and brokers 	<ul style="list-style-type: none"> Saudi Re has A3 Credit rating (Moody's) and high solvency ratio
Robust technical capabilities and operational effectiveness	<ul style="list-style-type: none"> Strict underwriting discipline, active cycle management, and robust internal controls ensure strong technical and investment returns Strong focus on operational effectiveness leads to lower operational costs 	<ul style="list-style-type: none"> Investing in technical and technological capabilities while maintaining operating expense within acceptable range

9. FINANCIAL REVIEW

Despite a partial recovery from the COVID-19 pandemic, the year under review continued to be challenging. The experience of the last two years caused a paradigm shift in the insurance industry for customers around the world. Digitalization, new risks, and new demands are fundamentally changing the industry.

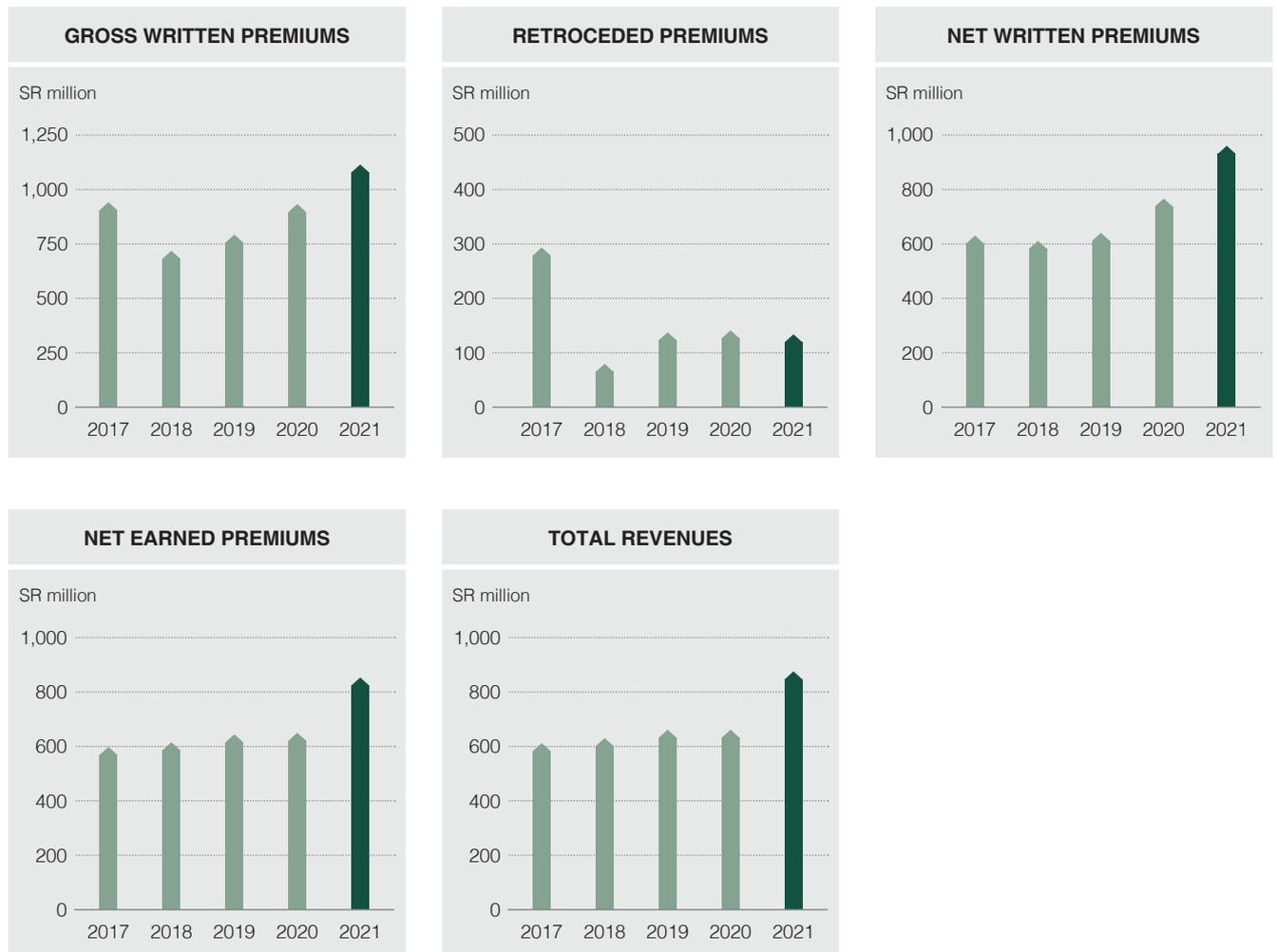
In this challenging environment, guided by Strategy Towards 2026, Saudi Re followed a client-centric approach and commitment to market development while following sustainable practices. Success of this approach is amply demonstrated in the results of operations and growth in business volumes recorded for the year.

2021 earnings were supported by an increase in the net underwriting income by 3.58%, while investment income grew by 25% creating a reasonable balance between the two revenue streams.

Saudi Re's shareholder equity reached SR 964 million by the end of 2021 with an increase of 4.4% compared to the previous year. Additionally, the total assets grew by 11.18% to SR 3.12 billion, while our technical reserves stood at SR 1.6 billion as of 31 December 2021.

9.1 REVENUE

Five year summary



The Gross Written Premium (GWP) increased by 19% to SR 1,116 million in 2021, recording the highest premium level in the history of Saudi Re, which supported the building of scale. In the

Saudi home market, a 39% growth in GWP was achieved. A promising 15% growth was registered in GWP in Asia, while business from Lloyd's market grew by 13%. A healthy balance

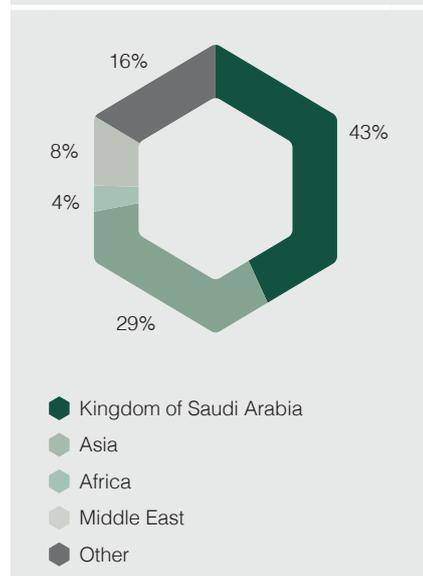
was maintained in the portfolio with international business contributing 57%. The combined result was an increase in the net written premiums by 24%. Total revenues increased by 32.52% from SR 660 million to SR 874 million.

Total comprehensive income for 2017-2021

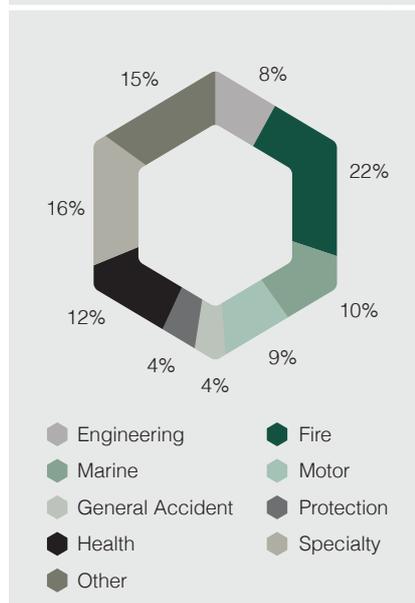
	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Net income for the year	38,309	45,918	45,444	13,722	38,888
Other comprehensive income/loss	(2,124)	2,191	(3,021)	3,036	(1,962)
Total comprehensive income	36,185	48,109	42,423	16,758	36,926

2021 witnessed unusual flood events in the Asian book of business and also challenging market practices affecting the performance of the Life book business, which resulted in an increase in the net claims incurred. This had a moderating impact on the growth of the underwriting income, resulting in the net underwriting income increasing by 3.6% to SR 71.63 million.

GEOGRAPHICAL DIVERSIFICATION OF THE PORTFOLIO



LINES OF BUSINESS



9. FINANCIAL REVIEW

Key operational ratios for 2017-2021

Ratio	2021 %	2020 %	2019 %	2018 %	2017 %
Premium growth	19	18	10	-23	-4
Retention ratio	85.9	83	82	85	68
Net claims ratio	66.1	61	65	66	70
Net acquisition cost ratio	25.5	29	25	26	23
Technical ratio	91.6	89	90	92	94
G&A expense ratio	7.50	8	8	8	9
Combined ratio	99.1	97	97	100	102

Saudi Re strengthened the loss reserves especially in the Life book of business and also in the Asian book of business which led to an increase in loss ratio of 5% compared with 2020. The latter was affected by exceptionally higher frequency flood claims. The acquisition cost ratio, which was unusually higher in the previous year, has come back to expected average.

9.2 COSTS AND EXPENSES

Underwriting costs and expenses 2017-2021

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Gross claims paid	(471,216)	(481,191)	(436,701)	(389,327)	(356,661)
Retroceded premiums	61,707	181,476	60,006	24,638	63,396
Net claims incurred	(565,312)	(391,980)	(417,070)	(404,054)	(419,114)
Policy acquisition costs and profit commissions	(232,404)	(194,682)	(172,781)	(172,472)	(146,126)
Other underwriting expenses	(5,063)	(4,002)	(3,616)	(1,997)	(4,710)
Total underwriting costs and expenses	(802,779)	(590,665)	(593,467)	(578,523)	(569,950)
Net underwriting income	71,626	69,149	67,244	51,560	37,142

Investment income

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Special commission income from time deposits	5,312	10,729	18,325	5,824	3,649
Realized gain/(loss) on investments held at fair value through income statement	7,209	(885)	13,903	678	1,339
Unrealized gains on investments held at fair value through income statement	4,912	1,685	3,793	3,460	49,948
Special commission income from bonds and sukuk	13,548	11,427	4,156	2,874	2,688
Special commission expense from margin loan	(432)	10	-	-	-
Dividend income	1,092	3,310	1,862	3,419	4,637
Share of profit of equity-accounted investee	18,658	12,072	5,115	2,303	165
Investment management expenses	(3,356)	(889)	(1,675)	(3,920)	(9,451)
Net investment income	46,944	37,439	45,479	14,638	52,975

Saudi Re managed to register a sustained performance over the past five years, with improved profit margins.

In 2021, the net claims incurred increased by 43.71% from SR 391.98 million to SR 561.31 million. This was influenced by reserve strengthening

and higher than expected frequency of flood claims. Total underwriting costs and expenses increased by 35.91%. This offset the increase in total revenues to a greater extent and as a result, the net underwriting income increased only by 3.58% to SR 71.63 million.

Other operating income, administrative expenses, and Zakat did not record major changes compared to 2020.

The net income is diversified between the operating income and the investment income in the proportion of 54% and 46%, indicating balance in revenue streams.

9.3 ASSETS

Assets for the period 2017-2021

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Bank balances and cash	27,807	13,157	13,169	31,886	33,482
Time deposits	243,382	193,459	378,031	270,132	109,753
Accrued special commission income from time deposits	2,310	3,211	7,974	2,080	872
Reinsurance premiums receivable, net	242,230	293,755	233,392	200,024	358,871
Investments held at fair value through income statement	631,608	512,081	417,848	552,574	865,068
Held-to-maturity investments	298,022	184,023	37,500	0	0
Accrued special commission income from bonds, sukuk and held-to-maturity investments	6,810	6,181	2,793	2,664	3,831
Accrued reinsurance premiums	680,470	594,263	467,071	409,778	372,088
Retrocession balances receivable	13,064	29,509	11,744	11,432	14,300
Retroceded share of unearned premiums	67,953	71,862	50,837	33,081	117,679
Deferred excess of loss premiums	12,050	12,784	-	-	-
Retroceded share of outstanding claims	149,333	154,674	282,719	198,433	59,889
Retroceded share of claims incurred but not reported	38,033	45,796	34,812	59,937	105,950
Deferred policies costs	168,598	149,403	106,279	99,896	100,345
Held-to-maturity investments	0	0	0	0	0
Prepaid expenses, deposits and other assets	246,581	289,099	244,640	208,959	104,193
Due from shareholders' operations	0	0	0	0	0
Property and equipment, net	37,156	33,625	33,576	32,589	33,536
Investment in an equity-accounted investee	142,000	120,141	101,446	97,294	91,954
Statutory deposit	89,100	81,000	121,500	121,500	100,000
Accrued income on statutory deposit	20,962	20,186	17,992	15,549	13,128
Total reinsurance operations assets	3,117,469	2,808,210	2,563,323	2,347,806	2,484,938

Total assets increased by 11.18% to SR 3.12 billion as at 31 December 2021. Saudi Re has generated 239 million in operating cash inflow compared with 15 million in 2020, a growth of 1,598% that has a positive impact in invested assets as well as total assets. There were increases in time deposits, investments held at fair value, held-to-maturity

investments, and accrued reinsurance premiums. On the other hand, there were declines in net reinsurance premiums receivable, prepaid expenses, and deposits.

Significantly, there has been an increase in all categories of investments. Saudi Re has demonstrated strong financial

flexibility with non-existent leverage and good access to capital markets. Saudi Re's strong asset quality is demonstrated by its investment portfolio, which minimizes risk. Saudi Re's asset quality is considered to be on a par with that of an A-rated company.

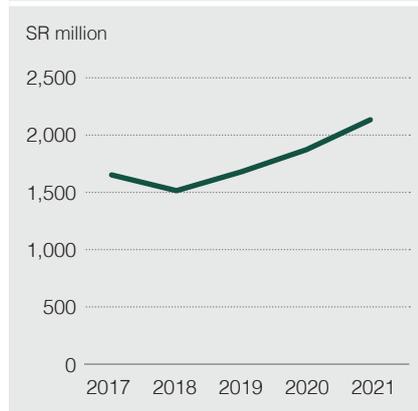
9. FINANCIAL REVIEW

9.4 LIABILITIES

Liabilities for the period 2017-2021

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Accounts payable	44,042	31,975	39,929	19,928	16,648
Margin loan payable	56,797	23,117	–	–	–
Retrocession balances payable	48,772	77,220	46,173	22,899	229,764
Accrued retroceded premiums	35,492	39,812	21,741	15,840	7,891
Unearned premiums	648,869	548,541	401,998	380,171	461,489
Outstanding claims	782,991	716,947	737,229	662,467	445,954
Claims incurred but not reported	427,397	350,742	355,255	330,481	415,099
Unearned retrocession commission	17,150	15,805	8,396	6,410	7,542
Accrued expenses and other liabilities	29,897	23,861	19,421	12,547	12,813
Employees' end of service benefits	12,288	10,673	8,829	6,594	5,729
Provision for Zakat and tax	15,266	15,174	23,742	38,244	37,431
Accrued commission income payable to SAMA	20,962	20,186	17,992	15,549	13,128
Total liabilities	2,139,923	1,874,052	1,680,705	1,511,130	1,653,489

TOTAL LIABILITIES



The liabilities increased from SR 1,874 million to SR 2,141 million, an increase of 14.24% following the growth in business by 19%. There have been significant increases in the technical reserves comprising unearned premiums, outstanding claims, and claims incurred but not reported.

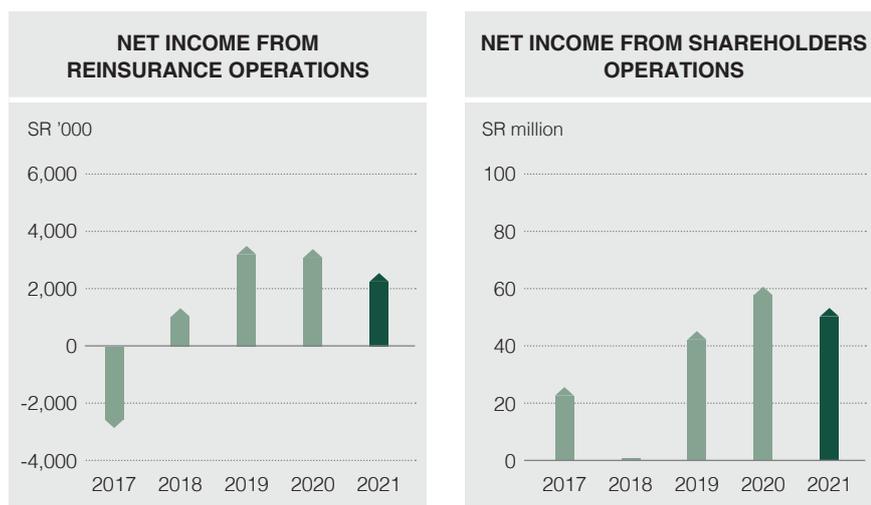
9.5 EQUITY

The paid up share capital of the Company increased to SR 891,000 from SR 810,000. The capital increase occurred through a bonus share issue.

9.6 NET INCOME

Net income from shareholders' operations and reinsurance operations 2017-2021

	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)
Net income from reinsurance operations	2,571	3,432	3,518	1,371	(2,828)
Net income from shareholders operations	53,315	60,692	45,444	819	25,454



Details for 2020 and 2021

	2021 (SR '000)	2020 (SR '000)	YoY % Change
Total income for the year before Zakat and tax	55,886	64,124	-12.8
Total income attributed to the reinsurance operations	(2,571)	(3,432)	25.1
Net income for the year before Zakat and tax attributable to the shareholders	53,315	60,692	-12.2
Zakat and tax charge for the year	(15,006)	(14,774)	1.6
Net income for the year after Zakat and tax attributable to the shareholders	38,309	45,918	-16.6
Basic and diluted earnings per share for the year	0.43	0.52	-17.3

The reason for the decrease in net profit during the current year compared to the previous year is mainly due to the increase in claims incurred by 44%.

9.7 DIVIDEND DISTRIBUTION POLICY

To achieve suitable returns to the Company's shareholders in one or more of the following:

- (1) Distribution of cash dividends to the shareholders taking into consideration the financial position of the Company, solvency margin requirements, available credit lines, and the general economic situation.
- (2) Stock dividends taking into consideration the requirements and conditions related to retained earnings and other stockholders' equity in the balance sheet.
- (3) Shareholders who are registered at the end of trading before the General Assembly at which dividend preeminent is approved will be entitled for the dividends.
- (4) The Company pays the profits to be distributed to the shareholders at the dates specified by the Board of Directors. According to the Articles of Association of the Company, profits are distributed according to the decision of the General Assembly, and this is done as follows:
 - Set aside Zakat and assessed income tax.
 - Set aside 10% of the profit to form a statutory reserve and the Ordinary General Assembly may stop this appropriation when the total reserve reaches 30% of the paid-up capital.
 - Once determining the stock shares in net profits, the Ordinary General Assembly has the right to form other reserves, to the extent that it achieves the interest of the Company or ensured distribution of fixed profits to shareholders.
 - After that, the first payment shall be distributed to the shareholders, with the condition that it is not less than 1% of the paid-up capital.

The Board decided not to distribute cash dividends for 2021.

On 14 July 2021, the Extraordinary General Assembly agreed in its meeting on the following:

Bounce Shares distribution to the shareholders of the Company registered in the Securities Depository Center records at the end of the day of the General Assembly Meeting, at the rate of one share for every 10 shares. The shares were transferred to the accounts of eligible shareholders through the Bank as of 18 July 2021.

9. FINANCIAL REVIEW

The Company has generated SR 239 million in operating cash inflow compared with SR 15 million in 2020, a growth of 1,598% that has a positive impact on invested assets as well as total assets.

9.8 ZAKAT, INCOME TAX-2021, FEES, AND OTHER CHARGES

Description	Reasons	Paid amount	Outstanding amount at end of financial period
		SR '000	SR '000
Zakat and income tax	The Company's share according to Zakat and tax regulations in the Kingdom	14,913	15,266
WHT	The Company's share according to Zakat and tax regulations in the Kingdom	3,033	199
VAT	The Company's share according to Zakat and tax regulations in the Kingdom	43,484	9,638
SAMA fees	Supervision fees for the Central Bank of Saudi Arabia	5,956	3,303
GOSI	Social insurance contributions for Company employees to the General Organization for Social Insurance	2,484	205

9.9 SOLVENCY AND RATING

As a company licensed by the Saudi Central Bank (SAMA), Saudi Re operates under the supervision of SAMA and is in full compliance with the applicable regulations. The Company maintained a solvency ratio of 163% as at 31 December 2021 and is rated A3 (Stable) by Moody's.



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ESG REPORT

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10. OUR SUSTAINABILITY STRATEGY

10.1 OUR SUSTAINABILITY APPROACH

As in many other industries today, ESG is becoming an increasingly important consideration in the insurance and reinsurance industries. Participants in insurance markets are becoming increasingly aware that regulators, rating agencies, investors, clients, and brokers are beginning to evaluate their performance, and the performance of other market players, through the ESG lens. A clear indication of this is the launch of the Net Zero Insurance Alliance (NZIA), by a group of eight global insurance and reinsurance group. NZIA members have made a commitment to transition their underwriting portfolios to net zero GHG emissions by 2050. ESG criteria can help insurers, reinsurers, and brokers improve client satisfaction, identify ESG opportunities proactively, and improve competitiveness.

Being among the region's leading reinsurance firms, setting the standard in sustainability is part of our mandate. Within this mandate we preserve the integrity and core business values that have elevated Saudi Re to a position more capable of empowering society. Though the journey of recovering from a pandemic is yet to be completed,

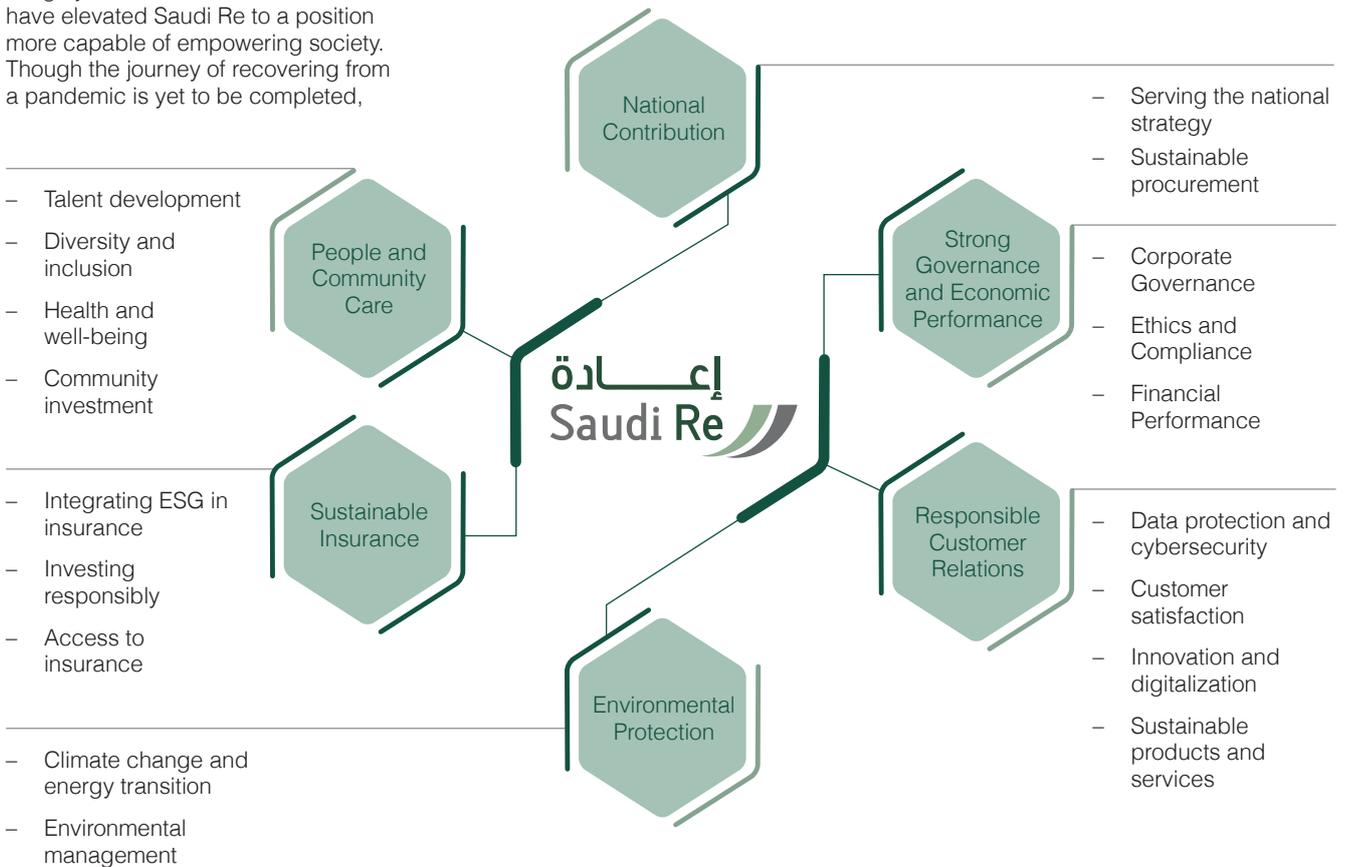
it has prepared the Company to make the right choices better and more efficiently. Saudi Re's commitment to sustainability is highlighted by the fact that we were the first Middle Eastern reinsurer to publish a sustainability report. Our sustainability framework has been developed with a focus on integrating ESG factors into our strategies, plans and processes.

Each of the strategies refined through the recovery process take us a step closer toward a socially and environmentally conscious future: mitigating Saudi Re's carbon footprint and propagating a post-crisis growth through social development, employee engagement, and the expansion of our client portfolio. Sustainability is the core of our decision-making process, and as a Sharia-compliant reinsurance firm, we uphold our ethical duty of protecting the people and their businesses from most of the important risks they are exposed to. Through our experience in sustainability, we have built our framework to

The COVID-19 pandemic has brought about an increased consciousness of the importance of sustainability.

capture a commitment and a drive toward transparency, accountability, environmental and social consciousness.

The development of such a framework was done in consideration of the interests of our stakeholders, as well as national and regional visions and objectives, such as the Kingdom of Saudi Arabia Vision for 2030, National Sustainability Standards, the GRI standards and the United Nations Sustainable Development Goals (UNSDGs). The diagram below encapsulates the salient features of the framework.



The foundations to our strategy for sustainability begins with the value we place on all our stakeholders.

10.2 KEY STAKEHOLDER GROUPS AND STAKEHOLDER ENGAGEMENT

Stakeholders are parties (individuals or institutions), who are affected by Saudi Re's activities, or can have an impact on Saudi Re by their actions, opinions or attitudes. The foundations to our strategy for sustainability begins with the value we place on all our stakeholders: clients, brokers, shareholders, analysts, investors, employees, regulatory bodies, suppliers and business partners.

A brief description of the key stakeholder groups is given below:

Clients: Clients are primary insurance companies who reinsure with Saudi Re, effectively its customers. We follow a client-focused approach, and our client relationships directly impact and are a measure of our success.

Brokers: Brokers are intermediary firms or individuals, who find and place new business on behalf of both Saudi Re and the insured client. They help negotiate rates and contracts, and help both parties find the best suited policies on the market.

Shareholders: Owners of equity share capital in Saudi Re.

Investors: Those who are existing or prospective investors in Saudi Re.

Regulatory Bodies: The main regulatory authority over Saudi Re, is, in common with the entire insurance industry, the Saudi Arabian Monetary Authority (SAMA). As a listed company, Saudi Re is also subject to regulation by the Capital Market Authority (CMA), and the Ministry of Commerce and Investment (MOCI). Our corporate governance framework ensures compliance to the codes, rules, and regulations of our regulatory bodies.

Analysts: Analysts are professionals who carry out data analysis, preparation and dissemination of client information for Saudi Re. They analyze insurance accounts, review insurance plans, and manage accounts for Saudi Re. Analysts identify issues with potential clients, and recommend whether we should take on the reinsurance.

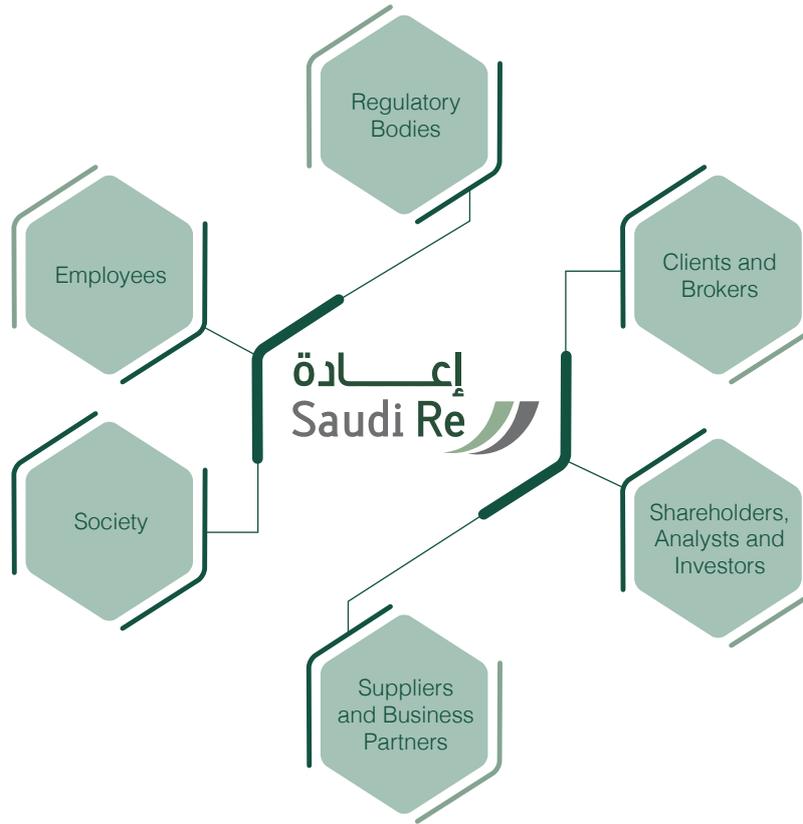
Employees: Despite all the technology and the external resources available our "human factor" remains indispensable. We require talented and client-oriented employees, as well as strong management and internal technical expertise. We strive to provide them with opportunities to develop their capabilities, and progress in their careers. To motivate them, and help realize their potential, Saudi Re provides them with a safe, healthy, diverse and inclusive work environment.

Suppliers or Business Partners: These are individuals or institutions who supply products or provide services to the Company.

Society: Saudi Re as a major company makes a substantial direct contribution to the economy of the Kingdom. By the nature of its operations, it reduces risks across a wide spectrum of businesses and individuals, whereby it also contributes to society. We also conduct a number of socially-oriented CSR activities.

10. OUR SUSTAINABILITY STRATEGY

The key stakeholder groups with engagement channels and mechanisms are represented below:



Regulatory Bodies

We have put in place a comprehensive corporate governance framework that oversees adherence to the codes, rules, regulations in Saudi Arabia and in the markets we operate.

- Internal audit
- Audit committee
- External audit
- Compliance department
- Technical committee
- Business risk committee
- Annual reports

Clients and Brokers

We follow a client-focused approach. We invest in fulfilling their expectations and helping them achieve their goals.

- Social media channels including LinkedIn
- Customer service helpdesks
- Market webinars
- Regional/ International industry events
- Cybersecurity framework

Shareholder, Analysts and Investors

We aspire to continuously meet shareholders' expectations, creating value by conducting business with utmost transparency and accountability.

- Open and transparent channels of communication with shareholders
- Annual reports
- Annual General Meetings
- Financial results in a quarterly basis
- Press releases
- Investor conferences and one-on-one meetings
- IR Mobile App
- Risk Appetite Framework

Suppliers and Business Partners

We carefully select the suppliers who share our values. We are committed to the ethical and fair treatment of our suppliers.

- Procurement departments
- Annual reports
- Credit agency reports

Society

We are heavily involved and invested in the welfare of the communities we serve.

- Community donations
- Event sponsorship
- Training session/ workshops
- Supporting in protecting national assets

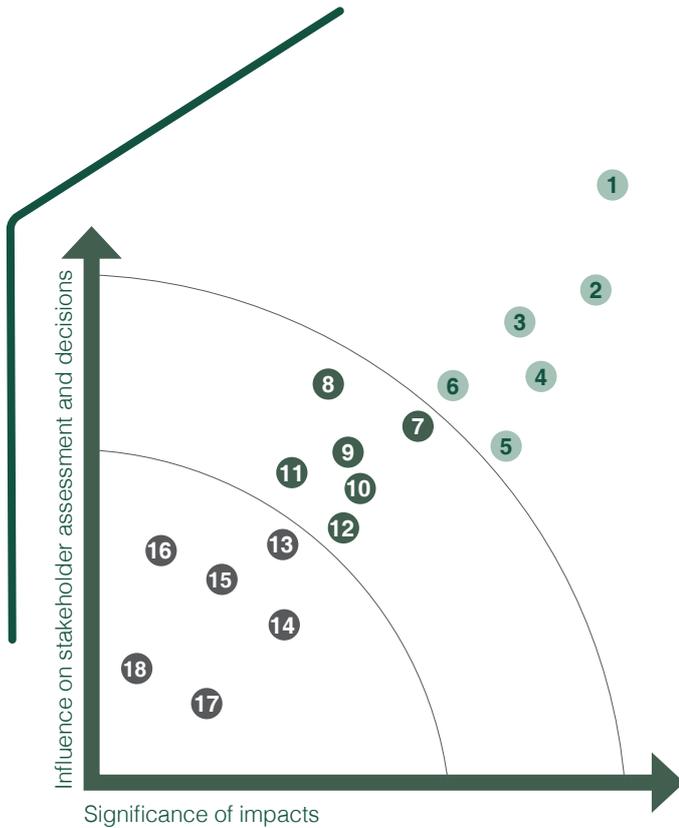
Employees

We strive to provide our staff with training and development opportunities to improve their competencies and provide a safe, healthy and inclusive workplace.

- Human Resources team
- Training sessions and workshops
- Career development programs
- Employee engagement program
- Transparent and open communication channels
- Whistleblowing policy
- Saudi Re's intranet
- Health and life scheme coverage

The material topics are the issues that have the greatest impact on our business and our stakeholders. As of 2021 we have prioritized our key material topics.

Presented below is the materiality analysis that best represents the interests of our stakeholders and of Saudi Re. The material topics are ranked in order of importance.



Material Topic	Rank
Corporate governance	1
Data protection and cybersecurity	2
Talent development	3
Serving the national strategy	4
Climate change and energy transition	5
Ethics and compliance	6
Financial performance	7
Customer satisfaction	8
Diversity and inclusion	9
Integrating ESG in insurance	10
Innovation and digitalization	11
Investing responsibly	12
Access to insurance	13
Sustainable products and services	14
Community investment	15
Health and well-being	16
Environmental management	17
Sustainable procurement	18

At every stage of our prioritization, we look towards the enhancement of the factors that impact Saudi Re and its stakeholders, with priority being given to ESG considerations. Corporate governance ranks first in our ranking of material factors. Further, we focus on cybersecurity, developing talent, enabling the national strategy, climate change, ethics and financial performance, followed by customer satisfaction, inclusivity, integration into insurance, innovation, and responsible investing. Ambient priority is also placed on access to insurance, sustainable products, community investment,

well-being, environmental management and sustainable procurement.

The commitments we make:

- Work towards Saudi Vision 2030
- Transparency, openness and accountability
- Integrating ESG criteria while managing our environmental footprint
- Maintain high standards of client relations
- Enrich relationships with stakeholders
- Protect and empower our workforce and community

11. OUR SUSTAINABILITY PERFORMANCE

11.1 OUR SUSTAINABILITY POLICY

Saudi Re has embedded sustainability policies in its core Vision and Mission. Our concept of sustainability extends far beyond Saudi Re, its clients, and its employees. It encompasses preservation of the environment, as well as enhancing the lives of citizens by way of financial and social inclusion. We incorporate core sustainability principles into our policies, procedures, and practices. Protecting the environment is also in harmony with our Islamic values.

Saudi Re also practices sustainable investment, which emphasizes the importance of incorporating ESG considerations into its investment practices. We avoid investments that could potentially be harmful to the environment and society. Our customer relations are guided by Saudi Re's Code of Professional Conduct and Ethics, which ensures we treat clients fairly and ethically. Our HR practices too

are geared to promote fair treatment of employees, diversity and equal opportunity. Saudi Re also conducts a wide range of CSR programs to uplift the social and economic conditions of the communities where we operate.

11.2 OUR NATIONAL CONTRIBUTION

With our commitment to national development, Saudi Re is dedicated whole heartedly to the actualization of the Saudi Vision 2030. Economic growth as a centerpiece for our plan means that opportunities are created for Saudi citizens, by providing training and development; women are empowered to be appointed to senior positions. Further, we prioritized the Saudization of Saudi Re by committing to recruit Saudi Citizens and giving them the skills required to be professionals in the insurance and reinsurance industry. Moreover, Saudi Re intends to increase the Saudization ratio annually.

	2021	2020	2019	2018
Saudization rate among the total workforce (%)	75	71	71	64
Saudization rate of Senior Management (%)	83	77	57	43
Total number of National employees (FTE)	54	46	45	39





National Day celebrations at the Company

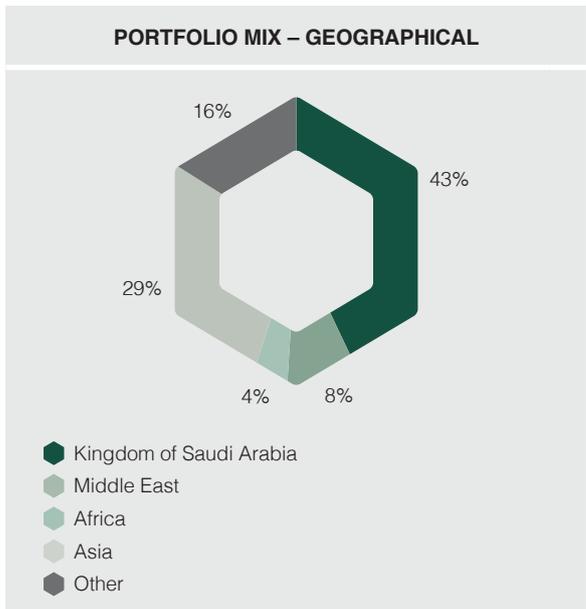
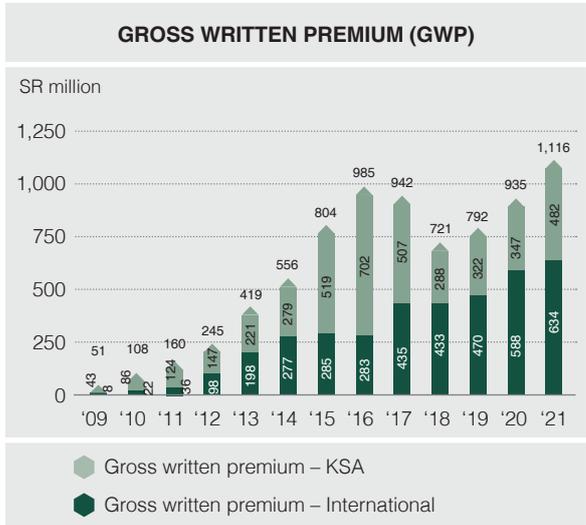
We prioritized the Saudization of Saudi Re by committing to recruit Saudi Citizens and giving them the skills required to be professionals in the insurance and reinsurance industry.



11. OUR SUSTAINABILITY PERFORMANCE

Contribution to the Saudi economy and society

Area	Contribution	Highlights
<p>Local content</p> 	<p>Maximize the local content by retention of reinsurance premium within the Kingdom and increasing its value in the local economy.</p>	<p>Saudi Re retained around SR 2.1 billion (representing an average of 8% of the Saudi reinsurance market) within the Saudi market over the period 2016-2020.</p>
<p>Service export</p> 	<p>Contribution to the non-oil GDP by exporting reinsurance services to the international market. Represent the Kingdom in the international arena.</p>	<p>Saudi Re has 57% international business of its total portfolio and has a presence in 50 markets.</p>



Area	Contribution	Highlights
 <p>Training and education</p>	<p>We offer job rotations for employees in order to keep them well versed in the workings of Saudi Re. Both soft and technical training is conducted alongside in-house workshops to ensure that all employees are qualified sufficiently.</p>	<p>Employees are all subject to a minimum of six hours of training.</p> <p>Support for employees is expressed through sponsorship grants from the Ministry of Human Resources and Social Development, Saudi Central Bank, TAQAT, Doroob, and The Financial Academy. Further support from Saudi Re ensures that employees are recognized for their time and effort to earn certificates, as well as an investment of SR 311,430 over the year for the training of said employees.</p>
 <p>Youth development and nationalization</p>	<p>With an internship program targeted at the Saudi youth, Saudi Re offers young students/ graduates the skills and experience they need to become professionals in insurance and reinsurance.</p> <p>Cooperative training is conducted to give students the practical knowledge they need, Summer "Saifi" training is conducted to give the students a general overview of the business, and the Tamheer program is aimed at providing graduates the practical experience they need to enter the market.</p> <p>Saudi youths are chosen with priority to increase the Saudization ratio within Saudi Re.</p>	<p>Employees less than 30 years of age that are employed by Saudi Re: 21% of total workforce.</p>
 <p>Product development and innovation</p>	<p>Contribute to developing professional standards and practices and creating innovative solutions leading to wider adoption of insurance and offering first-class protection of national assets.</p>	<p>Engagement in market development initiatives.</p> <p>Active participation in the industry committees.</p> <p>Lead reinsurer of the Inherent Defect Insurance program; a compulsory insurance that will provide protection against structural damages of commercial and private residential construction projects, and will serve to improve the quality of buildings and support the governmental housing efforts.</p>

11.3 SUSTAINABLE PROCUREMENT

At Saudi Re, we believe in an ethical supply chain, where our procurement process is executed sustainably and responsibly. Our transparent selection process ensures that all business partners are well evaluated and documented ahead of any transaction.

In 2021, we partnered with RMS – a leading catastrophe risk solutions company – in order to adopt RMS models and services for a more comprehensive view across the Asian market. The agreement will enable Saudi Re to enhance risk analysis across multiple geographies including India, China, and the Philippines.

During the year, we also adopted the following measures to strengthen the supply chain:

- Introduced the Digital Signature Project to ensure authentication, integrity, and non-reproduction of documents resulting in reduced usage of paper.
- Legal identity verified by checking the Unified National Number (UNN) and regulatory license validity through automated solutions.
- Applied credit rating assessment for reinsurance business partners.
- Enhanced automation of the procurement process and integration with related functions.

- Improved supplier screening and assessment criteria.
- Offered cybersecurity awareness to suppliers.

In order to ensure these processes complement our sustainability goals, we also assess the impact of the purchased products from a sustainability perspective, focus on local content development, and measurement of local spending. By sourcing locally, we are not only able to find reliable partners, but also support the Saudi Vision 2030 by promoting the development of our economy.

11. OUR SUSTAINABILITY PERFORMANCE

Total procurement spending (SR)

2021	22,274,905.48
2020	17,821,956
2019	17,287,799

Amount spent on local suppliers (SR)

2021	17,085,162.70
2020	14,517,512
2019	13,229,777

Percentage of total procurement spending on local suppliers (%)

2021	77
2020	81
2019	77

Number of local suppliers

2021	146
2020	82
2019	92

Local suppliers (Nos.)

2021	146
2020	82

Spending on local suppliers (%)

2021	77%
2020	81%

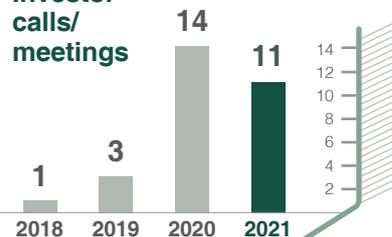
11.4 CORPORATE GOVERNANCE

As a leading reinsurance firm, Saudi Re is dedicated to the highest standards of corporate governance. In tandem with national and international regulations, our aim is to build an environment that promotes trust, transparency, and accountability; fostering long-term investment, financial stability and business integrity within the economy. The system of governance that has been developed exists to ensure the protection of the rights of shareholders and stakeholders; emphasizing on the competency and accountability of the Board and the Executive Management Team.

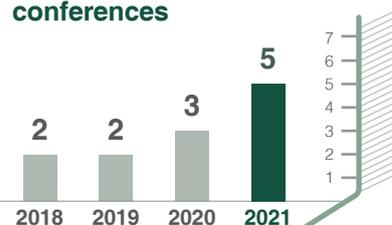
Transparency and disclosure are also embraced by our corporate governance policies. Communication is done through our website, the Saudi Stock Exchange – Tadawul website, and our dedicated Investor Relations app where we provide full disclosure of our corporate governance. All important developments are shared with our shareholders. Our highly professional Investor Relations Department ensures this by working tirelessly to broadcast

key pieces of information through meetings and inquiries. This year saw 11 investor meetings and five investor conferences.

Investor calls/ meetings



Investor conferences



As a body that implements rigorous controls, the Board of Directors oversees financial audits and reporting, internal control, and the legal requirements of Saudi Re. The Board consists of five non-executive, three independent, and one executive Board Member; and is subject to a performance evaluation every three years.

The policies that govern our activities are:

- Our Corporate Governance Policy
- Our Conflict-of-Interest Policy
- Our Whistleblowing Policy
- Nomination and selection criteria for Board and Board subcommittee members
- The rules and procedures of the subcommittees
- Our Remuneration and Compensation Policy for Board members, subcommittee members, and executive management

11.5 OUR BUSINESS ETHICS AND COMPLIANCE

The Saudi Re workforce is obligated to adhere to our Code of Professional Conduct and Ethics which requires our employees to behave according to the code, and conduct themselves in an ethical manner. The goal of this code is to bolster an already rigorous anti-corruption and anti-bribery culture, within the Company. These codes are communicated to the employees by the Compliance and Legal Department, who host awareness

sessions and mandatory training on gifts and hospitality, reporting misconduct, and confidentiality. The policies that determine the ethical nature of Saudi Re are:

- Anti-Money Laundering and Combating Terrorism Financing Policy and Procedures
- Anti-Fraud Committee Charter
- Anti-Fraud Policy
- Clients Acceptance Policy
- Compliance Charter

- Compliance Policy
- Insider Trading Prevention Policy
- The Code of Professional Conduct and Ethics
- Reporting Non-Compliant Practices "Whistleblowing" Policy

An introduction of a whistleblowing policy meant that stakeholders and employees can observe and report on any violations such as corruption, embezzlement, fraud, inappropriate behavior, abuse of authority, obtaining undeserved benefits and rewards, and the disclosure of confidential information.

Our record on ethical behavior

	2021	2020	2019	2018
Employees dismissed and/or disciplined for corruption (Nos.)	0	0	0	0
Percentage of operations assessed for risks related to corruption (%)	0	0	0	0
Percentage of employees trained on risks related to corruption (%)	97	90	85	70
Percentage of employees trained on risks related to money laundering and financial crime (%)	95	93	91	88

Based on a risk-based audit, the Saudi Re Internal Audit Department will review internal control annually. The dedicated functions of Compliance and Risk Management educate

employees, set standards, and ensure compliance within the applicable regulations. As we strive to be the market-leader in practices, we also strive to manage the risks that are inherent to business lines.

Non-compliance with laws and regulations

	2021	2020	2019	2018
Total incidents of non-compliance with laws and regulations (Nos.)	1	1	0	0
Total number of non-monetary sanctions (Nos.)	0	0	0	0
Total amount of legal and statutory fines and settlements (SR)	0	0	0	0

11.6 OUR FINANCIAL PERFORMANCE

We are working towards realizing our vision of becoming a regional leader that provides innovative and technically superior reinsurance solutions. Our financial performance reflects what we have set out to achieve. The Gross Written Premium (GWP) increased by

19.33% to SR 1,116 million in 2021, recording the highest YoY growth in the history of Saudi Re. Total revenues increased by 32.52% from SR 660 million to SR 874 million and assets increased by 11.18% to SR 3.12 billion as at 31 December 2021. There were substantial increases in time deposits, investments held at fair value, held-to-maturity investments, and accrued reinsurance premiums.

This growth is supported by a diversified product portfolio and a solid geographic reach. The Company's presence is most established in the Saudi market (43.21%) while its customers are well dispersed throughout Asia (28.79%), Africa (3.40%), the Middle East (8.22%), and other countries (16.38%) as well. For a more detailed analysis of our financial performance refer the Financial Review in this Directors' Report.

The financial sustainability of Saudi Re is also further demonstrated by the Company consistently maintaining the following credit ratings.

	2021	2020	2019	2018
Tassnief	AA+	AA+	AA+	AA+
Moody's	A3	A3	A3	A3

These ratings give an independent assessment of Saudi Re's sustainability, by a third party.

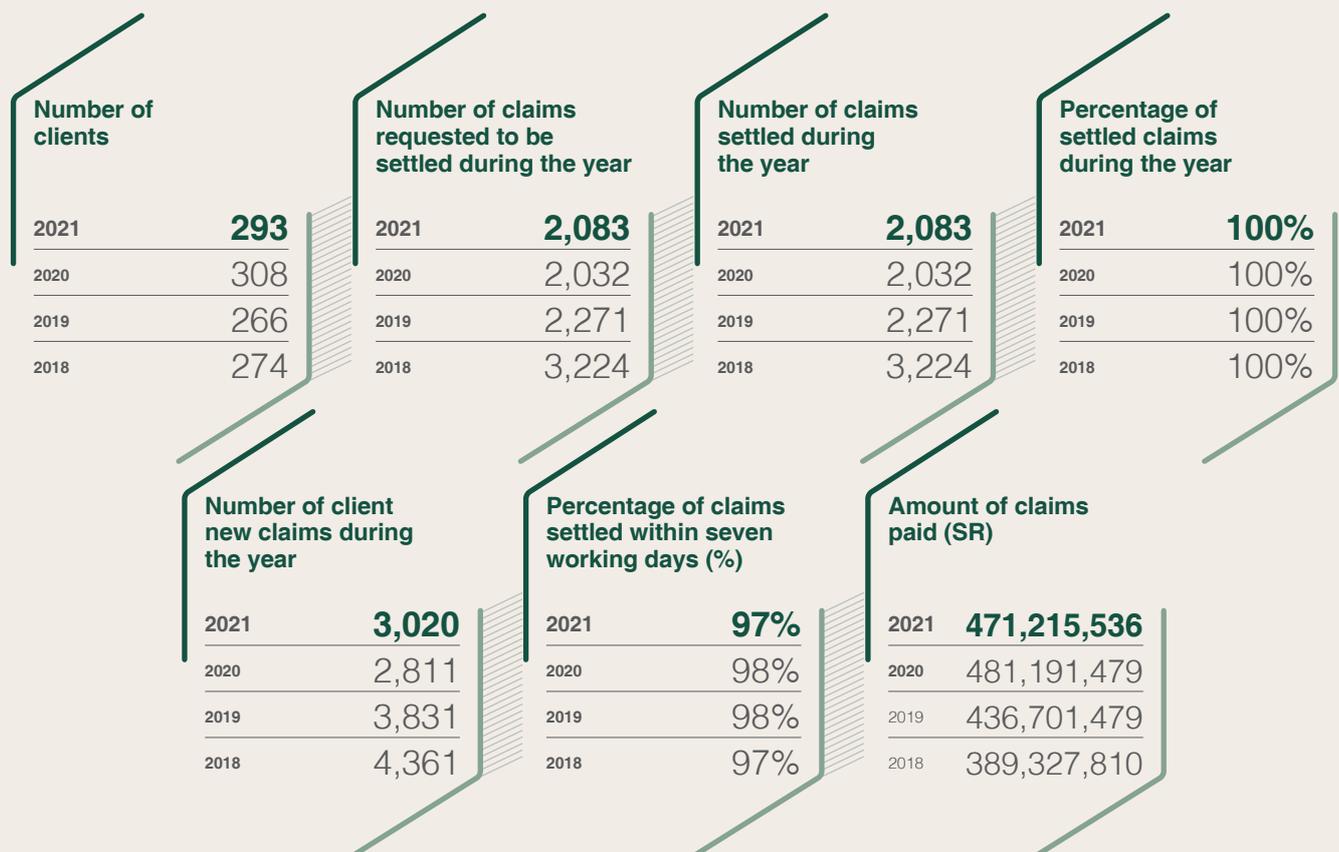
11.7 OUR CLIENT RELATIONS

We believe in providing the best possible service for our clients, which is why transparency and fair treatment is a prime criterion in our relationships with our clientele.

Streamlining the claims process increases the client's satisfaction. As a reinsurer with no direct connection to the original insured, we process the claims once all documents are provided by the broker or cedant. This includes proof of payment by the cedant. The claims team will review and validate claims by our partners, in accordance with the Claims Policy and Procedures.

Working in accordance with reinsurance terms, the processing and approval of claims happens within seven working days for normal claims and three working days for cash calls. Recently, Saudi Re also implemented a fast track system for clients that require their payments expedited, and also automated claims follow up. There was also an increase to the claim approval limits for team members.

Our service to our clients



We are committed to our clients' growth by providing comprehensive reinsurance solutions. Sustained commitment to our clients is achieved through continuous client-focused innovations.

In today's fast paced business environment, especially in an industry such as ours, constant innovation is imperative for survival.

Data privacy and security

Another important aspect of client relations is ensuring data privacy and security. This is especially important considering the threats systems such as ours are faced with today. To support this end, the necessary training in information security and awareness is provided to all employees. It is fundamental to us to maintain the trust of our clients. We have applied robust systems and procedures to guarantee our client's safety and privacy through the implementation of data privacy and security solutions, in compliance with SAMA Cybersecurity Framework, the National Cybersecurity Authority (NCA) standards as well as international standards. We have performed three cybersecurity stress tests to identify significant gaps and areas of risk. The results were extremely satisfactory, with no security breaches being identified this year.

Innovation and digital transformation

In today's fast paced business environment, especially in an industry such as ours, constant innovation is imperative for survival. We believe in innovation through digital transformation. Our innovation strategy is focused on generating value for clients. This year, we have initiated several innovative projects such as data warehouse, applications enhancement projects, security projects, infrastructure upgrades such as the SAMA Cybersecurity Framework or Safe Work from Home Platform.

11.8 SUSTAINABLE INSURANCE

At the very heart of our business is a dedication to corporate social responsibility. The actions we take work towards building a better, and more sustainable tomorrow.

As a Sharia-compliant company, we believe that sustainability resides within our core business and investments. Promoting the best in the world, and here we look beyond the bottom line, is what defines us. Transactions made through us promote transparency, fairness and equality, and as such we do not invest in businesses that may cause harm to society. The traits we look for in investment are integrity, and increasing economic prosperity through investment. We integrate ESG considerations into reinsurance, by providing risk transfer solutions that will bring about social benefits. As of late, we have maintained our strategic investments in a diversified asset allocation system in order to guarantee the sustainability of asset quality.

Our underwriting policy also takes ESG factors into consideration. The Know-your-Customer (KYC) policy is applied to all clients to ensure the legitimacy of their business activity. Saudi Re eschews dealing with entities involved in any unlawful operations such as drugs, child laboring, human trafficking that does not align with Islamic principles and ESG.

Insurance for all

Another facet of Saudi Re's ESG policy is spreading awareness and knowledge about insurance and reinsurance. Saudi Re conducts insurance literacy programs, where we invite actors in the insurance industry to lead them. We also conduct technical training sessions for market participants. Saudi Re also sponsors events that promote awareness about reinsurance. We have agreed with the Actuarial Sciences Departments of several universities, to accept students as trainees to the Company. We also disseminate awareness about ESG matters. This included contributing articles on ESG to the media, and marketing collateral featuring the UNSDGs.

11. OUR SUSTAINABILITY PERFORMANCE

11.9 SUPPORTING OUR COMMUNITIES

Saudi Re also demonstrates its commitment to ESG by innovative initiatives to uplift the social and economic conditions of local communities where we operate. Our focus areas in such activities include promoting economic growth, creating job opportunities, enhancing education, providing healthcare services, youth development and philanthropic activities. We conduct such programs with a sensitivity to the traditions and the culture of the communities, and craft them so as to improve the quality of life of the people.

Some of our community oriented programs are:

- Sponsoring initiatives such as sports events, insurance events, and workshops.
- Providing direct and indirect aid to charities.
- Conducting our own charitable activities such as donations of clothing, PCs, laptops and related accessories.
- Providing employment for youth and designing specific development programs for young professionals.
- Encouraging a healthy environment to our communities by conducting health checkups to our employees in cooperation with Tawuniya Vitality Program.
- Providing internships and summer jobs for students such as Tamheer Program.
- Investing in the communities through Zakat.
- Conducted first aid trainings to enhance employee safety and benefited the communities where they live.

Clothing was donated in cooperation with Kiswa Foundation



First aid trainings conducted to enhance employee safety



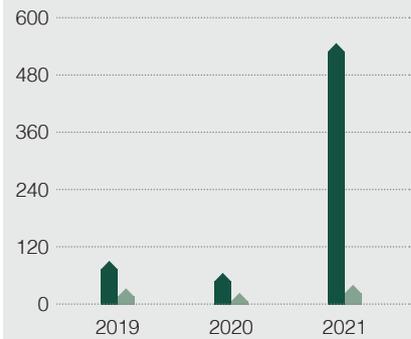
11. OUR SUSTAINABILITY PERFORMANCE



PCs, laptops, and related accessories were donated in cooperation with Ertiqa Organization



FINANCIAL/INSURANCE LITERACY



- Number of participants in financial/insurance literacy initiatives
- Number of employees trained on financial/insurance literacy

Number of training hours on financial/insurance literacy

2021	7
2020	3
2021	24



Saudi Re has organized a public webinar directed to companies' clients addressing "Risk Appetite". The webinar was led by specialized speakers from Saudi Re and other entities

11. OUR SUSTAINABILITY PERFORMANCE

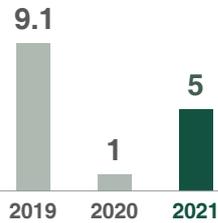
11.10 OUR PEOPLE OUR PRIDE

Training and development

Despite all the modern technology and the external human resources at our disposal the strengths, skills, talents

and experience of our staff remain paramount. We have to keep pace with constantly changing requirements and demands. Continuous development of our workforce, employee empowerment, and mutual collaboration are a source of strength to achieve our goals.

Turnover rate (%)



Total number of employees who left the Company

2021	5
2020	1
2019	7

Average tenure (years)

2021	5
2020	4.5
2019	—

We offer training to our employees, all tailored to particular target groups according to required skills and competencies. To facilitate the process, we have developed a specialized training plan "Saudi Re Development Program" (SRDP) which aims to address employees' specific needs through varied processes. An induction program is also in place, aiming for the attraction and retention of our new recruits. A Competency Framework Project has also been implemented, directed at guiding employees and helping them upgrade their skills and performance levels. All our employees receive regular performance evaluations and career development reviews.

Total hours of training for employees



Average training man-days per employee



2021	6
2020	6
2019	9

At the higher echelons, we plan for the development of talented staff to fill management positions. We provide the necessary training and development programs, prepare them for challenges, put in place and implement plans for smooth succession. Our training programs include a wide portfolio of skills: technical and analytical skills, corporate governance, anti-money laundering and financial crime, and cybersecurity.

OUR SUSTAINABILITY PERFORMANCE

Total number of employees (full time)

96

Workforce by age, years 18-30 (Nos.)

2021	21
2020	21
2019	18

Workforce by age, years 31-50 (Nos.)

2021	68
2020	58
2019	56

Workforce by age, years 51+ (Nos.)

2021	7
2020	7
2019	7

Senior Management

2021	6
2020	6
2019	6

Middle Management

2021	16
2020	15
2019	15

Staff

2021	74
2020	65
2019	60

Fairness, diversity and inclusion

We are a responsible and fair employer providing an inclusive work environment. At the core of our policies, is our Code of Conduct and our Whistleblowing Policy. In dealing with misconduct, we have a grievance handling mechanism in place to deal with incidents of workplace harassment or discrimination. We rely on a wide set of policies and procedures that allow us to protect our people from any form of violation such as the Model Work Organization Regulation, Physical Security Procedure, or Incident Procedure. No discrimination or harassment cases have been reported in 2021.

Promotion of diversity and equal opportunity is part of our ethos. This includes greater female participation. The number of women employees increased by 11.5 % in 2021. We have initiatives in place which will increase the recruitment of talented women.

Some of the female-friendly measures we have taken are:

- Providing female employees with a separate section for better privacy.
- Pregnant collaborators' safety was assured by the Company during the COVID-19 pandemic.
- We have shown our commitment to women's issues by recognizing international campaigns such as Women's Day, and early detection for breast cancer. This would also have increased morale among our female employees.

- We constantly strive to increase female representation across the Company.
- Providing training to female employees on management skills and leadership. In 2020, four of our female collaborators were nominated to attend the Women Leadership Program sponsored by the Human Resources Development Fund in cooperation with PNU and INSEAD.

Female employees

2021	29
2020	26
2019	23

Male employees

2021	67
2020	60
2019	58



11. OUR SUSTAINABILITY PERFORMANCE

We have a Parental Leave Policy which provides for 10 weeks (calendar days) maternity leave for female employees, and three working days for male employees. The return-to-work rate and retention rate stand at 100%.

Health and well-being

We strive to provide a safe and healthy working environment for our workforce as far as possible. Our Physical Safety Procedure is a manifestation of our inclusion of employees' safety in Company policies. Our HR Department, Risk Management Department, and Business Continuity Team monitor health, safety, and security measures. Proactive measures are taken to eliminate possible risks, such as emergency response fire drills.

We also give due consideration to maintaining work-life balance, and providing attractive working conditions. We keep employees' working hours in line with safe labor practices and legislation. Our workforce is educated on good health and safety practices on an ongoing basis. To improve employees' morale, we provide give-away items on national and religious holidays and offer support for family activities. We also conduct flu vaccination campaigns anticipating the flu season. We promote awareness campaigns to stress the importance of health and safety, such as the COVID-19 campaigns and first aid training. No fatalities were recorded in 2021.

As an additional benefit to our employees, we have launched our "WalaPlus Engagement Program", providing employees and their families with deals and discounts on a selected range of products and services, and better terms on loans from certain banks. We also conduct employee satisfaction surveys to monitor our people's engagement.

In addition, we have devoted a total of 27 hours to HSE training and internal awareness sessions for employees this year.



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At Saudi Re we take steps today, with an eye on tomorrow.

11.11 PROTECTING OUR PLANET

Saudi Re's direct impact on the environment may be relatively small. However we believe in leading by example. We are very conscious on the impact our activities have on the market and the environment.

At Saudi Re we take steps today, with an eye on tomorrow. In accordance with reducing our environmental footprint, we have adopted several initiatives in 2021 to set an example for others to follow. Some of them are switching to energy efficient devices such as motion sensor lighting, proper disposal of e-waste and refurbishment of used computers through Ertiqa organization which is a Non-Profit Organization which specializes in collection, refurbishment and distribution of used computers, PC's and laptops to educational and social institutes to be donated and reused by charitable educational institutes. In addition, the Company has adopted sustainable automation procedures throughout 2021, which included an eco-friendly printing system and electronic signature applications which contribute to reducing paper waste.

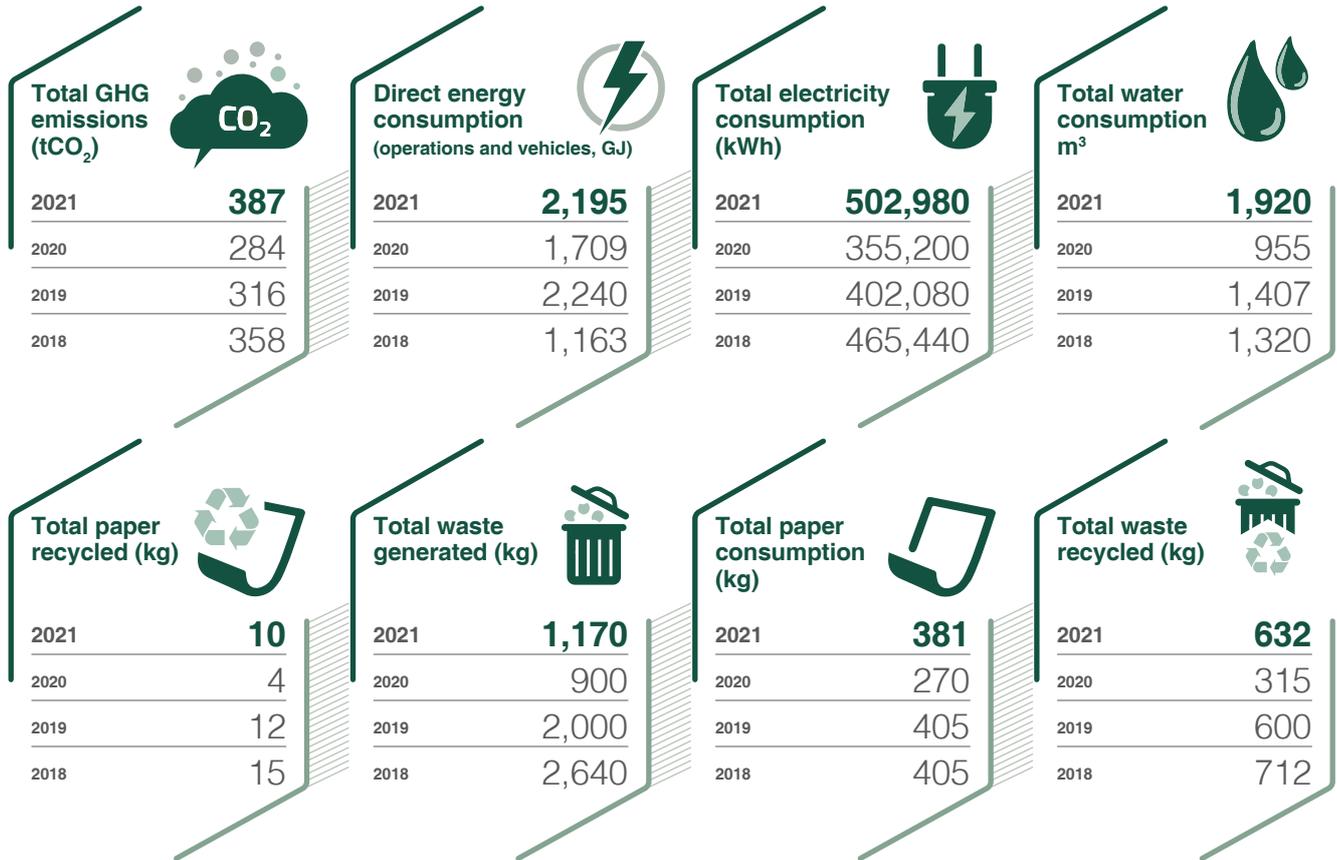
The Saudi Re business model is naturally inclined toward efficiency and as such, has a relatively negligible environmental footprint. However as an aspirational entity, Saudi Re will adopt any initiatives that will decrease our GHG emissions.

Ever mindful of our impact, we are fully committed to addressing every inefficiency in order to achieve the Saudi Vision 2030. We also sensitize our employees to the importance of protecting the environment.

Health check-up conducted for employees in cooperation with Tawuniya Vitality Program.



11. OUR SUSTAINABILITY PERFORMANCE



Through our ESG policies we contribute to a number of the UN Sustainable Development Goals (UNSDGs) as described below:

- By creating a strong diversity and inclusion framework, we avoid any form of discrimination regardless of age, gender, or disability
- Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



- Providing access to safe and affordable medicines and vaccines for all employees



- Ensuring sustainable consumption and production patterns



In conclusion

The COVID-19 pandemic has, in its wake, brought about increasing awareness of the need for business to be more environmentally and socially conscious. A wide spectrum of organizations, governmental, commercial, and non-profit need to come together to face the looming challenge of climate change. In the insurance industry, there is a growing awareness that players including rating agencies, regulators, investors and clients are increasingly viewing performance through an ESG lens. Sustainability consciousness is also gaining ground in the Middle East Region. With this background, addressing sustainability issues and incorporating them into our strategies, plans and operations will be imperative for our long-term survival and prosperity.



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12. GOVERNANCE

The Saudi Re governance structure provides the framework which includes the policies, rules, and standards which guide the Company's activities, and ensure protection of the rights and interests of its stakeholders and other shareholders. The policies are aligned with regulations issued by SAMA and CMA. The responsibilities and competencies of the Board and the Executive Management are also spelt out here. The corporate governance also regulates the relationships and communication between the Board, the Executive Management and the shareholders.

12.1 COMPLIANCE WITH LAWS AND REGULATIONS

During the year under review, the Company in general complied with laws and regulations applicable in the Kingdom of Saudi Arabia, including the following:

- Laws and regulations issued by Capital Markets Authority (CMA).
- Laws and regulations issued by Saudi Central Bank SAMA, including the Corporate Governance Regulations.
- Zakat and Income Tax Regulations issued by the Zakat and Income Tax Department.
- Labor Law issued by the Ministry of Human Resources and Social Development.
- The Company Law issued by the Ministry of Commerce.

12.2 COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

The Company has committed to implementing all the articles of the corporate governance regulations issued by the Capital Market Authority during the year 2021, except for paragraph (b) of Article 93, where the Company has committed to disclose the details of the remuneration of senior executives in total and has not disclosed them in detail in accordance with the schedule specified in Annex (1) of the Corporate Governance Regulations, in order to avoid the harm that may be caused by presenting the details to the interest of the Company and its shareholders, based on paragraph (b) of Article 60 of the rules on the offering of securities and continuing obligations.

12.3 BOARD OF DIRECTORS' QUALIFICATIONS AND EXPERIENCE



Mr Hesham Al-Shaikh

Non-Executive Director

Current positions

- Chairman of the Board, member of the Executive Committee, and Investment Committee
- Chairman of Mekyal Financial Tech
- Board Member of Probitas Holding Company
- Founder & Chairman of the Board of Watan First Institute

Previous positions

- Board Member of Ashmore Saudi Arabia Investments
- Board Member of Saudi Civil Aviation Holding Company
- Board Member of Al Jazira Bank
- Deputy Managing Director of Arab National Bank

Qualifications

- Bachelor's degree in Business Management, Applied Mathematics and Economics from California University, USA

Experience

- More than 35 years of experience in the banking and investment sectors during which he assumed various leading positions



Mr Mishari Al-Mishari

Non-Executive Director

Current positions

- Vice-Chairman of the Board, Member of the Investment Committee and Nomination and Remuneration Committee
- Board Member of Hana Food Industries Company
- Member of the Boards of several companies in the areas of real-estate development and training and education

Previous positions

- Board Member of Saudi Investment Bank and Saudi Development Fund
- Managing Director of Al Jazira Bank, Saudi Arabia

Qualifications

- Bachelor's degree in Business Administration from Oregon State University

Experience

- More than 35 years of experience in the banking and financial sectors during which he assumed various leading positions



Mr Ahmed Sabbagh

Non-Executive Director

Current positions

- Member of the Technical Committee, the Nomination and Remuneration Committee

Previous positions

- Member of the Board of Trustees of the Arab Insurance Institute
- Former General Manager and Board Member of the Islamic Insurance Company in Jordan
- President of International Federation of Takaful
- Board Member in the General Council for Islamic Banks and Financial Institutions

Qualifications

- Bachelor's degree in Business Administration from Beverly Hills University, California

Experience

- More than 45 years of experience in the insurance and reinsurance industry in the Middle East during which he assumed various leading roles
- Published six books about Takaful and Cooperative Insurance in both English and Arabic languages

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**Mr Jean-Luc Gourgeon**

Non-Executive Director

Current positions

- Chairman of the Technical Committee and Member of the Executive Committee
- Board Member of Probitas Holding Company, Bermuda
- Board Member of Probitas Corporate Capital, UK
- CEO of own consulting company JLG Consulting Ltd.

Previous positions

- European General Manager of Everest Re Europe in UK
- CEO, and CUO of Paris Re in France

Qualifications

- Master's degree with Honors in Mechanic's Science from Ecole Centrale de Lyon, Claude Bernard University in France, INSA Lyon
- Political Science degree of Institut d'Etudes Politiques de Paris

Experience

- More than 30 years of experience in the insurance and reinsurance industry

**Mr Mohammad Omair Al-Otaibi**

Non-Executive Director

Current positions

- Chairman of the Risk Committee and Member of the Nomination and Remuneration Committee
- Vice-Chairman of Abdullah Saad Abo Moati Stationary
- Chairman of Zimeen Digital Marketing
- Board Member of Riyadh Bank and a member of the Risk Management Committee and Audit Committee of Riyadh Bank
- Member of the Audit Committee of Al Mojel Trading and Contracting Co. (Saudi joint stock non-listed company)

Previous positions

- Chairman of the National Gas and Industrialization Company
- Board Member of several joint stock companies
- Board Member of Al Yamamah Steel Industries

Qualifications

- Master's degree in Business Administration specializing in Finance from Western Michigan University
- Attended the Advanced Management Program in Harvard University in USA

Experience

- More than 34 years of experience in Banking and Marine Shipping Industry during which he assumed different leading positions



Eng. Hussam Al-Suwailem CAIA, FDP, CFE

Independent Director

Current positions

- Saudi Re Member of the Board of Directors since May 2020
- Saudi Re Member of the Investment Committee since November 2019

Previous positions

- International investments analyst covering M&A, venture investments and infrastructure project. SALIC (PIF Subsidiary). [2014 – 2016]
- Credit Portfolio Manager. SAMBA Financial Group, National Commercial Bank, Riyadh Bank. [2006 – 2014]

Qualifications

- Certified Fraud Examiner (CFE) – Association of Certified Fraud Examiners, 2022, USA

- Chartered Alternative Investment Analyst (CAIA) – CAIA Association, 2020, USA
- Chartered Financial Data Professional (FDP) – FDP Institute, 2019, USA
- Master of Applied Finance, Macquarie University, 2012 – Sydney, Australia
- Bachelor of Electrical Engineering, King Saud University, 2006 – Riyadh, Saudi Arabia.

Experience

- Eng. Hussam's experience covers various inter-related disciplines such as corporate governance, asset management, modelling, and structuring investment transactions. Those fields bring about the knowledge Hussam technically employs to achieve optimal strategic resources allocation without compromising risk management frameworks and guidelines



Dr Peter Hugger

Independent Director

Current positions

- Member of Risk Committee
- Member of the Audit Committee
- Board Member of MSG Global Solutions Zurich
- Adviser to the Board at Innoveo AG Zurich

Previous positions

- Chief Executive Officer of Echo Reinsurance Ltd., Zurich
- Senior Executive Vice President of Asia Capital Reinsurance Group Pte Ltd. Singapore

Qualifications

- Doctorate degree in Economics from the University of Konstanz, Germany

Experience

- More than 35 years of experience in the international insurance and reinsurance market

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**Mr Marc Maupoux**

Independent Director

Current positions

- Chairman of the Nomination and Remuneration Committee
- Member of the Technical Committee

Previous positions

- Led the setup of a start-up reinsurance company based in Zurich, Switzerland
- Head of Property, Non Cat & Engineering World Wide-Axis Re, and Consultant

Qualifications

- Actuarial Fellowship from Institut de Science Financiere et d'Assurances (ISFA), France
- Member of the IA (Institut des Actuaire) and of the SAV (Schweizer Aktuar Verein)

Experience

- More than 30 years of experience in international insurance and reinsurance

**Mr Fahad Al-Hesni**

Executive Director

Current positions

- Managing Director and Chief Executive Officer
- Member of Executive Committee
- Board Member of Probitas Holding Company, Bermuda
- Member of International Insurance Society (IIS)

Previous positions

- Vice President of Property and Casualty in Tawuniya

Qualifications

- Master's degree in Insurance and Risk Management from City University of London
- Association degree from the Chartered Insurance Institute (CII) in UK

Experience

- More than 25 years of experience in the Insurance and Reinsurance industry

12.4 COMMITTEE MEMBERS

	Current positions	Previous positions	Qualifications	Experience
 <p>Mr Hisham Al-Akil Independent external member of Audit Committee</p>	<ul style="list-style-type: none"> Chairman of Audit Committee Chief Financial Officer of Al-Bilad Bank 	<ul style="list-style-type: none"> Positions of banking and insurance supervision in SAMA 	<ul style="list-style-type: none"> Master's degree in Accounting from the University of Illinois Associate of the American Institute of Certified Public Accountants (CPA) Completed the Strategic Financial Leadership program from Stanford University 	<ul style="list-style-type: none"> More than 20 years of experience in the Banking and Finance sector
 <p>Mr Abdullah Al Farraj Independent external member of Audit Committee</p>	<ul style="list-style-type: none"> Chief Financial Officer of Human Resources Development Fund 	<ul style="list-style-type: none"> Vice President for Financial Affairs of the Saudi Public Transport Company Chief Financial Officer Saudi Ground services Chief Auditor – National Commercial Bank 	<ul style="list-style-type: none"> Master's degree in Accounting from the American University in Washington Associate of the American Institute of Certified Public Accountants (CPA) Associate of Saudi Organization for Certified Public Accountants (SOCPA) 	<ul style="list-style-type: none"> More than 20 years of experience in the field of audit reinsurance/ insurance and Finance
 <p>Mr Tariq Zaino Independent external member of Audit Committee</p>	<ul style="list-style-type: none"> Certified Public Accountant in his firm "Zaino CPA" 	<ul style="list-style-type: none"> GAZT – General Authority of Zakat and Tax LTP Audit Assistant Director, CMA – Capital Market Authority Senior Financial Officer at Appeal Committee Studies in General Secretariat of Committees for the Resolution of Securities Manager in Tax and Zakat Compliance, Ernst & Young 	<ul style="list-style-type: none"> Bachelor's degree in Accounting Sciences from King Saud University Fellowship certificate from the Saudi Organization for Certified Public Accountants (SOCPA), CME1 and CME2 	<ul style="list-style-type: none"> More than 17 years of experience in Accounting, Audit, Capital Market Violations, Zakat and Tax
 <p>Dr Volker Lauff Independent external member of Risk Committee</p>	<ul style="list-style-type: none"> Executive Chairman of PRS Capital Solutions 	<ul style="list-style-type: none"> Sales Leader Analytics at Aon Global Risk Consulting 	<ul style="list-style-type: none"> PhD in Mathematics from Auto Von Guericke University, Germany 	<ul style="list-style-type: none"> Over 20 years of experience in the field of insurance and reinsurance

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12.5 EXECUTIVE MANAGEMENT



Mr Fahad Al-Hesni
Managing Director –
Chief Executive Officer

Mr Fahad Al-Hesni joined Saudi Re as an Executive Board Member in 2011, and he serves as the Managing Director and the Chief Executive Officer, in addition to his membership of the Executive Committee of the Company. Currently he is a Board Member of Probitas Holding Company (Bermuda). He is also a member of the International Insurance Society (IIS). He has more than 25 years of experience in the Insurance and Reinsurance industry during which he assumed various leading positions, last of which was the position of Vice President of Property & Casualty in Tawuniya. Mr Al-Hesni has a Master's degree in Insurance and Risk Management from City University of London and an Association degree from the Chartered Insurance Institute (CII) in UK.



Mr Nilmin Pieries
Chief Financial Officer

Mr Pieries joined the Company in 2010 bringing more than 25 years of experience in the fields of accounting, finance, investment, and risk management. He also has worked in various companies in Asia, the Gulf region and the UK, through which he has gained considerable experience in the insurance and reinsurance sector. Moreover, Mr Pieries was awarded a Master's degree in Business Administration by Nottingham University in the United Kingdom and is an Associate of the Chartered Institute of Management Accountants, (CIMA), UK.



Mr Abdelfattah Chami
Chief Underwriting Officer

Mr Abdelfattah joined Saudi Re in 2018 with over 20 years of experience in the insurance and reinsurance sector during which he held a number of leading positions in the underwriting and reinsurance field. The latest was as Head of Treaty Underwriting at Gulf Re Dubai, U.A.E. Mr Abdelfattah holds a Diploma in Insurance from the German Institute for Economic.



Mr Ahmed Al-Jabr
Chief Operating Officer/
Board Secretary

Mr Al-Jabr joined the Company in 2011 and has experience in the insurance sector of more than 20 years. Mr Al-Jabr assumed different roles within the insurance industry covering areas of human resources, strategy, business development and claims. Mr Al-Jabr holds a Master's degree in Business Administration from Bradford University in the UK.



Mr Fadi Al Qutub
Chief Investment Officer

Mr Fadi joined Saudi Re in 2019 and previously held several positions in the field of investment and portfolio management for more than 20 years; his recent position was as the General Manager for Investment in Alistithmar Capital. Mr Fadi is a certified financial advisor from the Financial Services Authority in the UK, a certified portfolio manager and a certified wealth manager from the American Academy of Financial Managers. Mr Fadi holds a Bachelor's degree from the University of Bahrain in Business Management.



Mr Ahmed Al-Qarishi
Chief Risk Officer and Chief Actuary

Mr Ahmed joined the Company in 2014 and has experience that exceeds 14 years, during which he occupied positions in Banking and Insurance supervision within the Saudi Central Bank. Mr Al-Qarishi has a Master's degree in actuarial science from Ball State University in USA; in addition, he is a Fellow of the Society of Actuaries in USA (FSA).

12.6 THE COMPANIES WITHIN AND OUTSIDE THE KINGDOM IN WHICH A BOARD MEMBER IS A MANAGER OR A MEMBER OF THEIR CURRENT OR PREVIOUS BOARD

Category	Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Hesham Al-Shaikh Chairman of the Board of Directors	Watan First Institute	Limited Company
			Mekyal Financial Tech	Limited Company
			Probitas Holdings (Bermuda) Ltd	Closed Joint Stock Company
			Ashmore Investment KSA (Previous)	Closed Joint Stock Company
			Bank Al-Jazira (Previous)	Joint Stock Company
			Arab National Bank (Previous)	Joint Stock Company
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Mishari Al-Mishari Vice-Chairman	Doroob for Education and Training Company	Governmental Company
			Hana Water Company	Private Company
			Saudi Investment Bank (Previous)	Joint Stock Company
			Saudi Fund for Development (Previous)	Governmental
			Aloula Real Estate Development Company (Previous)	Closed Joint Stock Company
			Bank Al-Jazira (Previous)	Joint Stock Company

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Category	Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Ahmed Sabbagh	Islamic Insurance Company (Jordan) (Previous)	Limited Joint Stock Company
			Tunisia Takaful Insurance Company – Tunisia (Previous)	Joint Stock Company
			Al Aman Takaful Insurance – Beirut (Previous)	Closed Joint Stock Company
			The International Federation of Takaful and Islamic Insurance Companies – Sudan (Previous)	Federation
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Jean-Luc Gourgeon	JLG Consulting Ltd.	Limited Company
			ARAPL Ile de France	Closed Joint Stock Company
			Probitas Holdings (Bermuda) Ltd.	Closed Joint Stock Company
			Probitas Corporate Capital Limited	Closed Joint Stock Company
			Probitas Holdings UK Ltd.	Closed Joint Stock Company
			Probitas 1492 Services Ltd.	Closed Joint Stock Company
			Probitas Managing Agency Services Ltd.	Closed Joint Stock Company
			Paris Re Holdings Ltd. – France (Previous)	Closed Joint Stock Company
			GTT Company – France (Previous)	Closed Joint Stock Company
			Cunningham Lindsey Group – USA (Previous)	Closed Joint Stock Company
			Paris Diderot University – France (Previous)	Limited Company
			French reinsurance association – France (Previous)	Joint Stock Company
			French reinsurance association – France (Previous)	Governmental
Independent	Period from 11 May 2020 to 10 May 2023	Mr Marc Maupoux	EXIN Re AG, Zurich, Switzerland (Previous)	
			Axis Re Zurich, Switzerland (Previous)	

Category	Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Mohammad Omair Al-Otaibi	Riyad Bank	Joint Stock Company
			Zimeen Digital Marketing	Limited Liability Company
			Al Mojel Trading and Contraction Co. (Audit Comm Member)	Closed Joint Stock Company
			Abdullah Saad Abo Moati Company	Joint Stock Company
			Al Yamamah Steel Company (Previous)	Joint Stock Company
			National Gas and Industrialization Company (GASCO) (Previous)	Joint Stock Company
			United Arab Company for Float Glass (Previous)	Closed Joint Stock Company
			Middle East Shipment Company – Emirate (Previous)	Limited Company
			NSCSA AMERICA – USA (Previous)	Limited Company
			Bahri Company (Previous)	Joint Stock Company
			National Chemical Carriers Ltd. Co (Previous)	Limited Company
			West of England Insurance Company – Luxembourg (Previous)	Limited Company
			International Shipowners Re (Previous)	Limited Company
			Petradec Company for Gas Trade and Transportation – (Previous)	Limited Company
ISRE Insurance Company – Luxembourg (Previous)	Limited Company			
Independent	Period from 11 May 2020 to 10 May 2023	Eng. Hussam Al-Suwailem		
Independent	Period from 11 May 2020 to 10 May 2023	Dr Peter Hugger	Msg global solutions AG – Switzerland	Private Company
			Echo Reinsurance Ltd. – Switzerland (Previous)	Closed Joint Stock Company
			Asia Capital Reinsurance Group Pte Ltd. – Singapore (Previous)	Private Company
			Msg Systems AG – Singapore (Previous)	Private Company
			Gerling Global Re – Singapore (Previous)	Closed Joint Stock Company
Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Fahad Al-Hesni	Probitas Holdings (Bermuda) Ltd.	Closed Joint Stock Company
			Probitas Holdings UK Ltd.	Closed Joint Stock Company
			Probitas 1492 Services Ltd.	Closed Joint Stock Company

12. GOVERNANCE

12.7 COMPOSITION OF THE BOARD

The Board of the Directors consists of one Executive Director, three Independent Directors, and five Non-Executive Directors. The details of the composition of the Board are as follows:

Member name	Membership rating (Executive/Non-Executive/Independent)
Mr Hesham Al-Shaikh	Non-Executive
Mr Mishari Al-Mishari	Non-Executive
Mr Mohammad Al-Otaibi	Non-Executive
Mr Ahmed Sabbagh	Non-Executive
Mr Jean-Luc Gourgeon	Non-Executive
Eng. Hussam Al-Suwailem	Independent
Dr Peter Hugger	Independent
Mr Marc Mapoux	Independent
Mr Fahad Al-Hesni	Executive

Procedures to inform Board Members of shareholder suggestions and remarks

The Investor Relations function in Saudi Re has collated and analyzed the suggestions and comments received from the shareholders through the interaction via communication channels or the General Assembly meetings and submitted the findings to the Board of Directors.

12.8 POWERS AND RESPONSIBILITIES OF BOARD COMMITTEES

Executive Committee:

The General Assembly shall approve, based on proposals by the Board of Directors the rules for the selection of Executive Committee members, the term

of their membership and the method of the Committee work. The duties and responsibilities of the Executive Committee are as follows:

- Exercising the full powers and prerogatives of the Board between Board meetings and while the Board is not in session in cases where a quick action or resolution is required or warranted, except that the Committee shall not have the power to act in lieu of the full Board in any matter in respect of which the delegation of powers is prohibited under applicable law, or that requires the approval of the Company's shareholders, or is specifically assigned to another committee of the Board.
- Reviewing the details of the Company's business strategy and making recommendations to the

Board for approval.

- Reviewing the details of the Company's work plans and budget and regularly monitoring the progress of the work plan and budget.
- Overseeing the activities of the Chief Executive Officer of the Company.
- Supporting the Chief Executive Officer on an ad hoc basis to address specific needs or requirements. Reviewing alliances, mergers, acquisitions and other strategic agreements and making recommendations to the Board for approval.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.
- Reviewing alliance, mergers, acquisition and other strategic agreements and making recommendations to the Board for approval.

Board Member name	Designation	1st meeting held on 28 Jan 2021	2nd meeting held on 15 Mar 2021	3rd meeting held on 3 May 2021	4th meeting held on 12 Aug 2021	5th meeting held on 6 Sep 2021	6th meeting held on 18 Oct 2021	7th meeting held on 8 Nov 2021	8th meeting held on 29 Nov 2021	Total meetings attended in 2021
Mr Hesham Al-Shaikh	Chairman	✓	✓	✗	✓	✓	✓	✓	✓	7
Mr Fahad Al-Hesni	MD/CEO	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Jean-Luc Gourgeon	Member	✓	✓	✓	✓	✓	✓	✓	✓	8

12.9 AUDIT COMMITTEE

The Board of Directors implement the rules for the selection of Audit Committee members which is approved by the General Assembly, also the scope of their membership and the method of the Committee work.

The duties and responsibilities of the Audit Committee should include the following:

- To supervise the Company's Internal Audit Department to ensure its effectiveness in executing its activities and duties specified by the Board of Directors.
- To review the internal audit procedures and prepare a written report on such review including its recommendations.
- Reviewing audit plan of internal auditors and external auditors and make any comments thereon.
- Assessing the efficiency, effectiveness and objectivity of work performed by external auditors, Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer.
- Coordinating between internal and external auditors.
- Reviewing the internal and external auditors' assessment of internal control procedures.
- Reviewing related parties' transactions.
- Reviewing, approving and monitoring the implementation of compliance plan.
- To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- To review the external auditor's comments on the financial statements and follow up on the actions taken.
- Ensuring independence of external auditors from Company, Board Members and Senior Management.
- Discussing the annual and interim quarterly financial statements with external auditors and Company's Senior Management before issuance thereof.
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto.
- To review the accounting policies in force and advise the Board of Directors of any recommendation thereto.
- Reviewing internal financial and non-financial controls and risk management system.
- Appointment and dismissal of Head of Internal Audit Department or Internal Auditor and Head of Compliance Control Department or Compliance Officer after obtaining SAMA No Objection, their performance evaluation and remunerations for all respective staff.
- Ensuring independence of Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer in performing tasks, and ensuring there is no restriction on their scope of work or any impediments that might negatively affect their work.
- Reviewing reports of Compliance Control Department or Compliance Officer and Internal Audit Reports and pursue the implementation of the recommended corrective measures and make necessary recommendations to Board.
- Reviewing the comments of SAMA and other relevant supervisory and control entities related to any regulatory violation or corrective actions requested and making recommendations thereon for the Board.
- Following up the reports issued by SAMA, and other relevant supervisory and control entities and making recommendations thereon to the Board.
- Monitoring the activities of Compliance Department and ensuring that Company's compliance with SAMA, CMA and other laws and regulations.
- Reviewing the actuary reports and making recommendations thereon for the Board.
- Ensuring the Company's compliance with the actuary's proposals and recommendations where these are mandatory and required by regulations or SAMA instructions.
- Determining the monthly salary, bonus and other remuneration of the Internal Audit or Compliance Control Department or the Internal Auditor or Compliance Officer in accordance with the Company's internal by-laws approved by the Board.
- Ensuring the Company has written code of conducts approved by its BOD to ensure that the Company's activities are conducted in a fair and ethical manner.
- Following up on important lawsuits filed by or against Company and submitting period reports thereon to the Boards.
- Ensuring optimal use and control of information technology necessary to generate reliable information and data is in place.
- Authority to investigate any activity within its terms of reference and have access to any information it may need.
- The report of the audit shall include details of its performance of its competencies and duties stated in the Companies Law and its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company. The Board shall make available sufficient copies of the Audit Committee's report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.
- The Audit Committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

12. GOVERNANCE

Attendance Record of Audit Committee Meetings During 2021

Board Member name	Designation	1st meeting held on 11 Mar 2021	2nd meeting held on 28 Mar 2021	3rd meeting held on 11 Apr 2021	4th meeting held on 29 Apr 2021	5th meeting held on 11 Aug 2021	6th meeting held on 28 Oct 2021	7th meeting held on 30 Nov 2021	8th meeting held on 21 Dec 2021	Total meetings attended in 2021
Mr Hisham Al-Akil	External Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr Peter Hugger	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Abdullah Al Farraj	External Member	✓	x	✓	✓	✓	✓	✓	✓	7
Mr Tarik Zaino	External Member	✓	✓	✓	✓	✓	✓	✓	✓	8

12.10 NOMINATION AND REMUNERATION COMMITTEE

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Nomination and Remuneration Committee members, the term of their membership and the method of the Committee's work.

The duties and responsibilities of the Nomination and Remuneration Committee should include the following:

Recommending to the Board appointments to membership of the Board and its committees in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership.

- Preparing a description of the required capabilities and qualifications for the membership of the Board and its committees, including the time that a Board Member should set aside for carrying out the duties of the Board and its committees.
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Reviewing at least annually the requirement and availability of suitable skills within the membership of the Board and recommending remedies that are in the Company's best interest.

- Recommending succession planning policies to the Board and committees.
- Reviewing the structure of the Board and its committees and determining their points of weakness and recommending changes where needed. Also providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Assessing and monitoring the independence of the independent Board and Board committee members at least on an annual basis and ensuring that no conflict of interest exists in the cases where a Board Member also acts as a member of the Board of another company.
- Drawing clear policies regarding the compensation, remunerations and indemnities of the Board (as approved by the General Assembly) its committees, CEO, and Senior Management employees based on their performance in achieving the Company's strategic objectives and risk adjusted profits.
- Ensuring that an annual review of remuneration and compensation plans for members of Senior Management is conducted independently of Executive Management.
- Making the final recommendations to the Board with regards to selecting members of the Senior Management and/or promoting current employees to Senior Management positions as per SAMA's Fit and Proper rules.
- Making the final recommendations to the Board with regards to dismissing members of the Senior Management.
- Establishing a succession policy and procedure for the CEO and other key members of Senior Management and monitoring the implementation of the succession plans and process.
- Evaluate the performance of the Board (overall and individual performance) and its committees in a regular basis (at least on an annual basis).
- Overseeing the induction programs and training programs for Board Members.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

Attendance Record of Nomination and Remuneration Committee Meetings During 2021

Board Member name	Designation	1st meeting held on 2 Feb 2021	2nd meeting held on 3 Mar 2021	3rd meeting held on 14 Mar 2021	4th meeting held on 19 Apr 2021	5th meeting held on 1 Jun 2021	6th meeting held on 10 Oct 2021	7th meeting held on 24 Oct 2021	8th meeting held on 31 Oct 2021	9th meeting held on 29 Nov 2021	Total meetings attended in 2021
Mr Marc Maupoux	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr Mishari Al-Mishari	Member	✓	✓	✓	✓	✓	✓	✓	✗	✗	7
Mr Mohammad Al-Otaibi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr Ahmed Sabbagh	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

12.11 INVESTMENT COMMITTEE

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Investment Committee members, the term of their membership, and the method of the Committee's work.

The duties and responsibilities of the Committee are as follows:

- Ensuring that the Investment Policy Statement (IPS) is prepared in line with the overall business strategy of the Company as well as the regulatory guidelines.
- Obtaining Board approval for the IPS.
- Reviewing and revising the investment strategy on a quarterly basis taking changes in business requirements and market conditions into consideration.
- Appointment and evaluating the performance of Investment and Fund Managers.
- Recommending to the Board, the appointment and removal of Investment Advisor.
- Delegating when required execution of their decisions to a selected subcommittee and/or to the Management Team.
- Deciding the execution strategy for each segment of the investment portfolios, that is, whether the exposure in each segment will be executed via a passive or active management style, will be managed in-house or by external managers via segregated mandates or investment funds.
- Reviewing the decisions made by the Management Team and Investment Advisor(s).
- Reporting to the Board, the performance of the Company's investments in terms of risk, returns, and allocations and on any major pertinent developments.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

Attendance Record of Investment Committee Meetings During 2021

Board Member name	Designation	1st meeting held on 8 Mar 2021	2nd meeting held on 27 Apr 2021	3rd meeting held on 2 Aug 2021	4th meeting held on 25 Oct 2021	5th meeting held on 16 Nov 2021	6th meeting held on 5 Dec 2021	Total meetings attended in 2021
Mr Hesham Al-Shaikh	Chairman	✗	✓	✓	✓	✓	✗	4
Mr Mishari Al-Mishari	Member	✓	✓	✓	✓	✓	✓	6
Mr Hussam Al-Suwailem	Member	✓	✗	✓	✓	✓	✓	5

12.12 RISK COMMITTEE

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Risk Management Committee members, the term of their membership and the method of the Committee's work.

The duties and responsibilities of the Committee are as follows:

- Re-evaluating the Company's risk appetite, tolerance, and exposure to risk on a regular basis.
- Re-evaluating the Company's risk management policy consistent with the Company's commitments to shareholders and regulatory requirements.
- Supervising the implementation of necessary measures to mitigate identified risks.
- Understanding and reviewing the risks associated with the Company's activities and maintaining an acceptable risk profile for the Company.
- Overseeing the risk management system and assessing its effectiveness, and ensuring infrastructure and resources are in place.
- Evaluation of the adequacy of the risk management function.
- Evaluating risks under certain stress scenarios (e.g. rating downgrade, capital issues, regulatory breaches/ fines etc).
- Reviewing, and evaluating Business Continuity Plan Framework and Policy.

12. GOVERNANCE

- Reviewing and obtaining Board approval for the following cybersecurity governance documentation:
 - Cybersecurity Committee Charter.
 - Cybersecurity Governance Framework
 - Cybersecurity strategy
 - Cybersecurity policy
- Ensuring the cybersecurity risks of the Company is well managed.
- Reviewing catastrophic exposure limit.
- Review threshold limits of business portfolios.
- Reviewing capital adequacy and solvency of the Company.
- Reviewing ALM processes and activities on a regular basis.
- Review on regular basis regulatory, compliance and AML risks.
- Reviewing periodic reports from Risk Management Department, such as Quarterly Risk Management reports.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.
- The Committee shall have the authority to obtain advice and assistance from internal or external legal, actuarial, accounting or other advisors and to approve the fees and other retention terms related to any such external counsel, consultants and advisors.

Attendance Record of Risk Committee Meetings During 2021

Board Member name	Designation	1st meeting held on 10 Mar 2021	2nd meeting held on 28 Apr 2021	3rd meeting held on 4 Aug 2021	4th meeting held on 27 Oct 2021	5th meeting held on 1 Dec 2021	Total meetings attended in 2021
Mr Mohammad Al-Otaibi	Chairman	✓	✓	✓	✓	✓	5
Dr Peter Hugger	Member	✓	✓	✓	✓	✓	5
Dr Volker Lauff	External Member	✓	✓	✓	✓	✓	5

12.13 TECHNICAL COMMITTEE

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Technical Committee members, the term of their membership and the method of the Committee work.

The duties and responsibilities of the Technical Committee should include the following:

- Reviewing Underwriting policies and guidelines.
- Reviewing pricing methodologies and tools used to price/rate risks.
- Reviewing the Underwriting performance quarterly.
- Reviewing the claims activities quarterly.
- Reviewing the Business Plan assumptions annually and recommending the Underwriting Business Plans to the Board.
- Recommending for Board approval new Lines of Business.
- Reviewing and Recommending for Board approval the territories in which company should or should not write business from.
- Defining the Company's retrocession structure and recommending for Board approval including the Retro cost.
- Ensuring that the securities of the Retro Panel are within the regulatory requirements and any changes are evaluated and necessary actions taken.
- Re-evaluating the Company's retrocession structure on a regular basis.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors and to approve the fees and other retention.

Attendance Record of Technical Committee Meetings During 2021

Board Member name	Designation	1st meeting held on 9 Mar 2021	2nd meeting held on 27 Apr 2021	3rd meeting held on 8 Jun 2021	4th meeting held on 4 Aug 2021	5th meeting held on 26 Oct 2021	6th meeting held on 6 Dec 2021	Total meetings attended in 2021
Mr Jean-Luc Gourgeon	Chairman	✓	✓	✓	✓	✓	✓	6
Mr Marc Maupoux	Member	✓	✓	✓	✓	✓	✓	6
Mr Ahmed Sabbagh	Member	✓	✓	✓	✓	✓	✓	6

12.14 RESPONSIBILITIES OF BOARD OF DIRECTORS

The important functions of the Board are as follows:

- Providing strategic guidance to the Company, including setting objectives and formulating strategic plans.
- Supervising the implementation of strategic plans and major transactions and determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
- Approving key policies and procedures and regularly reviewing and updating them.
- Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness.
- Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis.
- Selecting and changing (if needed) executives in key positions, and ensuring that the Company has an appropriate replacement policy for

their replacement by an appropriate alternative with the necessary skills and eligibility for the office.

- Supervising Senior Management and monitoring the Company's performance against the performance objectives set by the Board.
- Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process.
- Ensuring that the interests of the policyholders are being protected at all times.
- Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times.
- Promoting a culture of good corporate governance and high ethical standards
- Granting Audit Committee the appropriate level of authority to investigate any matter within its mandate and shall ensure that the internal audit function is autonomous and is granted full access to all the information it needs to conduct its activities. In addition, the Board should take all necessary measures to ensure the responsiveness of

Senior Management to internal auditors' queries and recommendations.

- The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by stakeholders when submitting complaints or reporting any violations, facilitating the method by which stakeholders (including company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard; also maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees; appointing an employee to receive and address complaints or reports sent by stakeholders; dedicating a telephone number or an email address for receiving complaints; and providing the necessary protection to the stakeholders.

Attendance Record of Board Meetings During 2021

Board Member name	Designation	1st meeting held on 15 Mar 2021	2nd meeting held on 30 Mar 2021	3rd meeting held on 3 May 2021	4th meeting held on 12 Aug 2021	5th meeting held on 1 Nov 2021	6th meeting held on 14 Nov 2021	7th meeting held on 6 Dec 2021	8th meeting held on 12 Dec 2021	Total meetings attended in 2021
Mr Hesham Al-Shaikh	Chairman	✓	✓	✗	✓	✓	✓	✗	✓	6
Mr Mishari Al-Mishari	Vice Chairman	✓	✓	✓	✓	✗	✓	✓	✓	7
Mr Fahad Al-Hesni	MD/CEO	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Ahmed Sabbagh	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Mohammad Al-Otaibi	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Jean-Luc Gourgeon	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Marc Maupoux	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr Peter Hugger	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Hussam Al-Suwailem	Member	✓	✓	✓	✓	✓	✓	✓	✗	7

Board Effectives Evaluation

The Board and Committees undergo regular performance assessment using tools and forms approved by the Nomination and Remuneration Committee. During 2021, the Board appointed Board Directors Institute (BDI GCC) as an independent and specialized entity for conducting an external evaluation of the Board effectiveness and identify means to improve the Board dynamics.

12. GOVERNANCE

12.15 REMUNERATION OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

Board Members and Committee Members Remuneration

The General Assembly has approved on 21 July 2021 an amended remuneration policy for the Board and members of

committees and Executive Management. According to the policy, each member is entitled to SR 5,000 for each attended meeting of the Board and any Board committee meeting. The Company's Board Directors are entitled to a minimum amount of SR 200,000 as an annual remuneration against Board directorship and contribution to Board business. The Chairman of the Board is entitled to a minimum amount of SR 300,000 per year.

Each Non-Board Member is entitled to an amount of SR 5,000 as an attendance fee per meeting per committee and is entitled to a lump sum of SR 100,000 per year as a remuneration for contribution to the Committee functions. The Chairman of the Audit Committee is also entitled to an amount of SR 120,000. The remunerations of the members of the Board of Directors and its committees are presented to the Company's General Assembly for approval.

(SR '000)	BOD Members (Executives)	BOD Members (Non-Executive and Independent)	Five Top Executives including CEO and CFO
Salaries and benefits	–	–	8,785
Annual compensation	280	2,365	2,407
Meeting fees and expenses	80	990	–
Consultancy fees	–	187	–
Benefits in kind granted monthly or yearly	–	–	–
Total	360	3,542	11,192

Board Member name		BOD meetings	EXCOM meetings	INVST COM meetings	TC COM meetings	Audit COM meetings	RMC meetings	N&R COM meetings	Total meetings fees	BOD Remuneration	Total amount to be paid
		SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Mr Hesham Al-Shaikh	Chairman	30,000	35,000	20,000	–	–	–	–	85,000	300,000	385,000
Mr Fahad Al-Hesni	CEO/MD	40,000	40,000	–	–	–	–	–	80,000	200,000	280,000
Mr Mishari Al-Mishari	Director	35,000	–	30,000	–	–	–	35,000	100,000	200,000	300,000
Mr Ahmed Sabbagh	Director	40,000	–	–	30,000	–	–	45,000	115,000	200,000	315,000
Mr Jean-Luc Gourgeon	Director	40,000	40,000	–	30,000	–	–	–	110,000	200,000	310,000
Mr Mohammad Al-Otaibi	Director	40,000	–	–	–	–	25,000	45,000	110,000	200,000	310,000
Mr Marc Maupoux	Director	40,000	–	–	30,000	–	–	45,000	115,000	200,000	315,000
Dr Peter Hugger	Director	40,000	–	–	–	40,000	25,000	–	105,000	200,000	305,000
Mr Hussam Al-Suwailem	Director	35,000	–	25,000	–	–	–	–	60,000	200,000	260,000

External Committee Member

External Committee member		Audit Committee meetings	Risk Committee	Total meetings fees	Remuneration	Total amount due
		SR	SR	SR	SR	SR
Mr Hisham Al-Akil	External Chairman Audit	40,000	–	–	120,000	160,000
Dr Volker Lauff	External Member Risk Committee	–	25,000	–	100,000	125,000
Mr Abdullah Al-Farraj	External Member Audit	35,000	–	–	100,000	135,000
Mr Tarik Zaino	External Member Audit	40,000	–	–	100,000	140,000

12.16 SANCTIONS, PENALTIES, PRECAUTIONARY RESTRICTIONS, IMPOSED BY REGULATORY AUTHORITIES

Sanction/Penalty/ Precautionary procedure/ Preventive measure	Reasons for violation	Imposing authority	Measures undertaken to remedy and avoid such non-compliance in the future
Violation of the control and supervisory instructions	Not disclosing the violation in the 2020 Directors report as per SAMA's instructions	Saudi Central Bank	Disclosing the penalties as per SAMA instructions in the future

Subject of the penalty	2021		2020	
	Number of resolutions	Sum total for the penalty in SR	Number of resolutions	Sum total for the penalty in SR
Violation of Saudi Central Bank's supervisory and control instructions*	1	0	1	0
Violation of Saudi Central Bank's customer protection instructions	0	0	0	0
Violation of Saudi Central Bank's instructions on AML and CTF	0	0	0	0

* Reason:

Non-compliance with Saudi Central Bank's supervisory and control instructions in the Annual Report 2020 in relation to violations classification and disclosure format as per specified in circular number 41047960 dated 10/07/1441 H.

It will be taken into account to avoid it happening

12.17 RESULTS OF THE ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES OF THE COMPANY AND THE OPINION OF THE AUDIT COMMITTEE WITH RESPECT TO ADEQUACY OF COMPANY'S INTERNAL CONTROL SYSTEM

The internal control system intends to ensure that control and monitoring tools are in place to ensure, at a reasonable level, the soundness of financial report and mitigation

of risk. The results of annual audit conducted by the internal auditor have not revealed any material deficiency or weakness on the Company's internal control system.

The Audit Committee confirms that there was no conflict between the Audit Committee recommendations and the Board's resolutions.

General Assembly Meetings held during the year under review and attendance at the meeting

Name	Attendance record	
	Ordinary General Assembly Meeting 4 May 2021 – 22/09/1442	Extraordinary General Assembly Meeting 14 July 2021 – 04/12/1442
(1) Mr Hesham Al-Shaikh (Chairman)	✓	✓
(2) Mr Mishari Al-Mishari (Vice-Chairman)	✓	✓
(3) Mr Fahad Al-Hesni	✓	✓
(4) Mr Mohammad Al-Otaibi	✓	✓
(5) Mr Ahmed Sabbagh	✓	✓
(6) Mr Jean-Luc Gourgeon	✓	✓
(7) Mr Hussam Al-Suwailem	✓	✓
(8) Dr Peter Hugger	✓	✓
(9) Mr Marc Maupoux	✓	✗

12. GOVERNANCE

12.18 THE COMPANY'S SIGNIFICANT PLANS, DECISIONS, AND FUTURE EXPECTATIONS

- Approval of the Annual Financial Statement ending 31 December 2020, and Quarterly Financial Statements ending 31 March 2021, 30 June 2021, and 30 September 2021 including Technical Reserves.
- Approval to appoint SHMA Consulting as the Appointed Actuary for the Financial year 2021.
- Approval on the Audit Committee recommendation to appoint PKF Al-Bassam and Co. (Allied Accountants) and KPMG Al Fozan & Al Sadhan to audit the Company's financial statements for the 2nd, 3rd QTR and annual of the fiscal year of 2021 and the 1st QTR of year 2022 and determine their fees.
- Approval and recommendation to the Extraordinary General Assembly to increase the capital to SR 891 million via granting of bonus shares.
- Approval and recommendation to the Extraordinary General Assembly of the amendment of the Article of Association.
- Approval and recommendation to the Extraordinary General Assembly the Remuneration and Compensation Policy of the Board Members, Committees Members and Executive Management.
- Approval of the non-life retrocession program for 2021/22 and life retrocession program for 2022.
- Approval to renew the provision of Reinsurance cover to Probitas Corporate Capital Ltd. for its participation in Lloyds Syndicate 1492 for the Year of Account 2022.
- Approval of submission to SAMA of IFRS 17 Implementation project's Phase 3 completion deliverables and Phase 4 first dry run.
- Approval of Saudi Re Strategy Towards 2026 and the 2022 Business Plan and Budgets.
- Approval of charters and policies including Board committee charters, Investment Policy Statement, Sustainability and Social Responsibility Policy, Anti-Fraud Policy and Strategy, Cybersecurity Policy, Strategy, Governance Framework and Business Continuity Plan.

12.19 DETAILS OF AFFILIATE COMPANY

Affiliate name	Capital	Company's ownership percentage	Main scope of business	Country of operation	Country of incorporation
Probitas Holding Ltd.	4,508,982 USD	49.9	Insurance	United Kingdom	Bermuda

Interest in a class of voting shares held by persons (other than the Company's Directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article (45) of the Listing Rules, along with any change to such rights during the last fiscal year.

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio
	Number of shares	Percentage of shares	Debt instruments	Number of shares	Percentage of shares	Debt instruments		
(1) Ahmad Hamad Algosabi & Bros. Company	4,050,000	5	0	4,455,000	5	0		%

Details of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company or its affiliates, and any change on such interest or rights during the last fiscal year.

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio
	Number of shares	Percentage of shares	Debt instruments	Number of shares	Percentage of shares	Debt instruments		
(1) Mr Hesham Al-Shaikh (Chairman)	8,100	0.0100000	0	8,910	0.0100000	0		%
(2) Mr Mishari Al-Mishari (Vice-Chairman)	4,050	0.0050000	0	4,455	0.0050000	0		%
(3) Mr Fahad Al-Hesni (MD/CEO)	50,000	0.0617283	0	55,000	0.0617283	0		%
(4) Mr Ahmed Sabbagh (Board Member)	324,000	0.4000000	0	356,400	0.4000000	0		%
(5) Mr Mohammad Al-Otaibi (Board Member)	0	0	0	0	0	0		%
(6) Mr Jean-Luc Gourgeon (Board Member)	0	0	0	0	0	0		%
(7) Eng. Hussam Al-Suwailem (Board Member)	0	0	0	0	0	0		%
(8) Dr Peter Hugger (Board Member)	0	0	0	0	0	0		%
(9) Mr Marc Maupoux (Board Member)	0	0	0	0	0	0		%

Interest, contractual securities or rights issue of the Board Members, Senior Executives and their relatives on the shares or debt instruments of the Company or its affiliates, and any change on such interest or rights during the last fiscal year.

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio
	Number of shares	Percentage of shares	Debt instruments	Number of shares	Percentage of shares	Debt instruments		
(1) Mr Fahad Al-Hesni (MD/CEO)	50,000	0.0617283	0	55,000	0.0617283	0		%
(2) Mr Ahmad Al-Jabr (Chief Operating Officer)	0	0	0	0	0	0		%
(3) Mr Nilmin Pieries (Chief Financial Officer)	0	0	0	0	0	0		%
(4) Mr Fadi Al-Quttub (Chief Investment Officer)	0	0	0	0	0	0		%
(5) Mr Abdel Fattah Chami (Chief Underwriting Officer)	0	0	0	0	0	0		%
(6) Mr Ahmad Al-Quarishi (Chief Risk Officer and Chief Actuary)	0	0	0	0	0	0		%

Information on any loans:

S	Creditor's name	Amount of principal debt	Loan term	Amounts paid by the Company in repayments of loans during the year	Remaining amount	Total indebtedness of company and its affiliates
(1)	Arqaam capital	56,797,019	Open ended with Annual Renewal	432,140	56,797,019	56,797,019

12. GOVERNANCE

DECLARATION

The Company did not have any of the following in the year under review

- It has no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the financial year ended 31 December 2021.
- There have not been any conversion or subscription rights under any convertible debt instruments, contractually based securities,

warrants or similar rights issued or granted by the Company during 2021.

- There have not been any, redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding.
- During 2021, there have not been any arrangement or agreement under which a Director or a Senior Executive of the Company has waived any remuneration.
- During 2021, there is no any business or contract to which the Company is a party and in which a Director of the

Company, a Senior Executive or any person related to any of them is or was interested, other than the contracts mentioned in the item 12.21 here below.

The Company further declares that:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented
- There are no significant doubts concerning the Company's ability to continue its activity.

12.20 THE COMPANY'S REQUESTS OF SHAREHOLDERS REGISTRY, DATES AND REASONS THEREOF

Number of the Company's requests of shareholders registry	Request date	Request reasons
(1)	24 January 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(2)	31 January 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(3)	28 February 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(4)	18 April 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the Ordinary General Assembly Meeting convened on 4 May 2020
(5)	28 April 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(6)	26 May 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(7)	27 June 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(8)	7 July 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the Extraordinary General Assembly Meeting convened on 14 July 2021
(9)	25 July 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(10)	30 August 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right

Number of the Company's requests of shareholders registry	Request date	Request reasons
(11)	30 September 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(12)	1 November 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(13)	28 November 2021	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right

12.21 TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

1. Reinsurance contracts for one year with Probitas Corporate Capital Ltd, which is owned by Probitas Holding (Bermuda) Limited, and has an indirect interest for the Chairman of the Board of Directors Mr Hisham Abdulmalik Al-Shaikh, MD/CEO Mr Fahad Al-Hesni and Board Member Mr Jean-Luc Gourgeon for their membership in the Board of Directors of the parent company Probitas Holding (Bermuda) Ltd. Also, there is an indirect interest for Board Member Mr Jean-Luc Gourgeon for his membership in the Board of Directors of Probitas Corporate Capital Ltd, noting that the value of transactions during 2021 is estimated at SR 193,797,392 with no preferential conditions.
2. A consultancy services contract for one year with the Board Member Mr Jean-Luc Gourgeon, who has a direct interest, with a contract value of SR 186,957 and no preferential conditions during 2021.

During 2021 there have not been:

- Any arrangement or agreement under which a Director or a Senior Executive of the Company has waived any remuneration.
- Any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.

Investments or reserves for the benefit of employees

The Company has not made any investments or reserves for the benefit of its employees.

The external auditor's report does not contain any reservations on the financial statements, nor has the Board made any recommendation to replace the auditor before the end of the term.

13. RISK MANAGEMENT

CURRENT AND FUTURE RISKS

The Board sets the Company's risk appetite, risk tolerance, strategic planning and business plans, and the business is managed through the Board of Directors, Board subcommittees, and the Executive Management team.

The Board establishes and monitors the Company's internal control system to ensure the adequacy and effectiveness of the Company's risk management.

As per Note (31) to the Financial Statements, the Company is exposed to risks including to reinsurance risk, regulatory framework risk, claims management risk, reserving, and ultimate reserves risk, credit risk, liquidity risk, currency risk, special commission rate risk, and capital management.

The internal annual review of the risk in 2021 identified the following current and future risks:



Reinsurance risks include accumulation, concentration, catastrophe exposure, high exposure to single large losses, and increased frequency and severity of claims. It can be mitigated through the diversification of accepted risk, implementation of underwriting guidelines, and the use of retrocession protection.

It refers to the failure of retrocessionaires to fulfill their obligations including defaulting the claims payments. Retrocession risk is controlled by a robust selection process that considers diversification of reinsurance sources as well as the financial position and credit rating of the reinsurers.

Claims management risk may arise in mainly in the event of inaccurate or incomplete case reserves and claims settlements. A dedicated Claims Management Department works within set policies and procedures to ensure that claims are managed in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory requirements, and the business' broader interests.

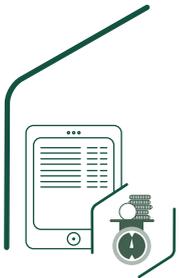
Risk occurs where established reinsurance liabilities are insufficient due to inaccurate projection. To manage reserving risk, the actuarial team uses a range of recognized techniques to project ultimate claims, monitor claims development patterns and stress-test ultimate reinsurance liability balances.

This risk arises from the default of counterparties such as retrocessionaires, cedents, brokers and debt issuer. This risk is addressed through policies that ensure the level of credit quality, financial and legal status, as well as the development of the relationship and periodic monitoring of receivables.

13. RISK MANAGEMENT

13.6
LIQUIDITY
RISK

It refers to the unavailability of funds required to meet the Company financial obligations, and loss due to the liquidation of investments. To limit the impact of this risk, the Company periodically monitors the liquidity requirements and adopts an investment policy that sets out controls to manage the liquidity risk.

13.7
CURRENCY
RISK

The Company is exposed to the currency exchange risk due to fluctuation in exchange rates of foreign currencies in relation to investments or underwriting commitments in foreign currencies. To limit the impact of this risk, the Company periodically monitors the currency risk to manage the currency risk and if necessary take the appropriate actions.

13.8
MARKET
RISK

Market risk refers to the likelihood of losses which could result from the operation of market forces and result in shrinkage in capital. Market risk exposure for Saudi Re arises mainly from the investment portfolio, interest rate risk, equity risk, economic instability, such as change of oil prices. Risks arising from the above are managed by the Investment Policy Statement that is approved by the Board.

13.9
LEGAL AND
REGULATORY
COMPLIANCE
RISKS

The Company is required to be in compliance with legal and regulatory requirements for regulatory bodies such as, Saudi Central Bank, Saudi Capital Market Authority, the Ministry of Commerce, and the Ministry of Human Resources and Social Development. The Company applies a strict compliance policy and has in place a dedicated Compliance Department reporting to the Audit Committee.

13.10
CYBER
RISK

To Saudi Re, Information is important asset. As information systems and data become increasingly used in the Company's activities, they are subject to penetration, theft, disabling, leakage, modification or destruction by unauthorized persons or entities whose purpose is to harm the Company, its assets, employees, and others. Saudi Re uses a range of regulatory, technical and preventional tools, and practices aimed at protecting computers, servers, networks and the intrusive data from penetration, damage, change or disruption of access to information or services.



13.11 REPUTATION RISK

The Company's reputation is considered as important asset to gain the trust of the Company's existing and future clients, therefore, any information, news, associated with the Company directly or non-directly, can harm the reputation of the Company and might lead the clients to lose their trust in the Company as a reinsurance company. To mitigate this risk, the Company retains the trust of its partners in a good manner through a suitable communication channels, and demonstrating the strength of the Company and its brand in all Times.

The Company also has financial strength rating AA+ by SIMAH's Credit Rating Agency, Tassnief, and A3 rating from Moody's.



13.12 RATING RISK

Reinsurance companies are subject to rating downgrades by rating agencies if the Company is unable to meet the agency requirements, which may affect the Company's reputation and growth. The rating agencies primarily assess the Company's ability to comply with its financial requirements; therefore, financial losses, significant growth or sovereign rating of Saudi Arabia is a major factor affecting the Company's ability to comply with rating agencies financial requirements. To mitigate this risk, the Company manages the capital required by the rating agencies on a quarterly basis and periodically discusses with them to update them in respect of the business and market and if any concerns raised are addressed and appropriate action is taken if there is any significant change in the Company's risk profile.



13.13 EMERGING RISK

Emerging risk is considered to be a high risk as it is hard to identify it at an early stage, which can be reduced if it is identified early. The Company monitors all events that might be a peril to the Company, keeps its Board of Director, related committees and Executive Management informed and provides the necessary plan to avoid, transfer or reduce the risk.

One of the emerging risks is non-adopting ESG standards. An example of these standards is addressing the climate change and its impact as reinsurance provides various levels of security over a long time period. Increased temperature variability and the resulting heatwaves can not only affect agriculture, productivity, water resources, health and mortality, but can also increase the unsuitability in certain regions. The Company is adopting different initiatives to ensure meeting ESG standards and it has published its first Sustainability Report for 2020 highlighting the Company initiatives towards ESG standards compliance.

14. CORPORATE INFORMATION

Saudi Reinsurance Company (Saudi Re) is a Saudi joint stock company in accordance with Council of Ministers Resolution No. 319 dated 24/10/1428H (corresponding to 05/11/2007G) and Royal Decree No. M/83 dated 25/10/1428H (corresponding to 06/11/2007G).

Saudi Re operates under the supervision of SAMA license number TMN/17/20087

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RIC 8200.SE
ISIN SA1210540419



Saudi Reinsurance Company
Northern Ring Rd.
Al Wadi, Riyadh 13313,
Saudi Arabia

www.saudire.net

