

# شركة الصقر للتأمين التعاوني

تقرير مجلس الإدارة السنوي

السنة المالية 2022 م

## CHAIRMAN OF BOARD OF DIRECTOR'S WORD

Dear Shareholders,

I am pleased to express myself and on behalf of my workmate's members of the Board of Directors of Al Saqr Cooperative Insurance Company to present to the shareholders the report of the Board of Directors for the fiscal year ending for the period 12/31/2022 AD, attached to the company's financial statements after completing their review and auditing by the external auditors. Which includes the results of the company's business and developments during the past year, and information about the members of the Board of Directors and its committees.

During the past year, Al-Saqr Cooperative Insurance Company faced challenges and difficulties like other sectors. One of the most important challenges that Al-Saqr Company faced was that the accumulated losses amounted to more than half of the capital. The Board of Directors immediately sought to take detailed decisions in order to overcome this obstacle and preserve the interests of the honorable shareholders and the interests of the Company. Al-Saqr in general, and among these decisions is to reduce the capital to extinguish all the accumulated losses, to restructure the administrative structure of the company, and to expand the search for the possibility of merging with a company that matches the level of Al-Saqr Company. By the grace of God and then the support of the esteemed shareholders by supporting the decisions of the Board and voting in the general assemblies, it can be said that we have overcome the difficulty, and the company, represented by the Board of Directors, will strive to achieve the best future results, which increases the degree of confidence and credibility of all shareholders.

There are currently 246 employees working under the umbrella of Al-Sagr Cooperative Insurance Company with a high level of training and professional experience, so that Al-Sagr Cooperative Insurance Company has attached great importance to the recruitment and qualification of Saudi employees out of its keenness to support them and raise the level of leadership skills and the ability to assume responsibilities and assume leadership positions.

The Falcon Cooperative Insurance Company harnesses all its capabilities in order to develop its business and strategies to achieve its goals and those of its shareholders, in addition to making efforts to address the difficult circumstances and our belief that the credit for overcoming these force majeure circumstances and achieving achievements after God is due to your trust in the Falcon Cooperative Insurance Company and commitment standards of governance and best professional practices, and promotion of the principles of disclosure and transparency, hoping that we have succeeded in presenting a clear and adequate picture.

Al-Sagr Cooperative Insurance Company is committed to the directives and instructions issued by the Central Bank of Saudi Arabia, the Capital Market Authority and other regulatory and supervisory authorities, and this report has been prepared in accordance with the instructions of these authorities. From this standpoint, we would like to thank all the regulatory and supervisory authorities for their efforts and support for Al-Sagr Cooperative Insurance Company, which had a great positive impact in raising the level of services provided by the company and enhancing its performance.

Yours sincerely

Majid Abdullah Al Siri  
Chair of The Board

## Introduction

This report for the last fiscal year, starting from 01/01/2022 AD to the end of 12/31/2022 AD, was prepared by the Board of Directors of Al-Sagr Cooperative Insurance Company to be presented to the honorable shareholders, along with the company's financial statements after completing their review and audit by the auditors. It should also be noted that this report was worked on based on all the executive regulations and regulations issued by the regulatory and supervisory authorities in force in the Kingdom of Saudi Arabia, and based on the mandatory requirements, the report also included data related to disclosure, activities and operations of the company that took place in the fiscal year 2022 M, with the aim of ensuring the preservation of shareholders' rights and facilitating their access to all information and data clearly, which enables them to review and evaluate the company's financial position.

## About Al-Sagr Cooperative Insurance Company

Al-Sagr Company actually started its business since 1983 AD as a branch of Al-Sagr National Insurance Company based in the United Arab Emirates, and then moved after that to work as an agent for the Saudi Al-Sagr Insurance Company based in the Kingdom of Bahrain. After obtaining all the necessary licenses under the insurance regulations in the Kingdom of Saudi Arabia, Al-Sagr Cooperative Insurance Company works to practice insurance activity as a public shareholding company listed on the Saudi stock market (Tadawul) with a capital of 140 million Saudi riyals from the company, and in order to develop its business and provide the best Insurance services It has worked to expand the scope of its insurance activity, as Al-Sagr Cooperative Insurance Company owns several branches and points of sale spread in all regions of the Kingdom of Saudi Arabia, and it covers all segments of society, whether individuals or commercial entities, taking into account the insurance needs of the different and varied size and field of business, Which in turn pushes the company to strive to be one of the most important and leading insurance companies in the Saudi market, based on ethical standards and practices that are fair and responsible towards society.

## 1. Company's Activity

The main activity of the company is insurance. The company's work team, consisting of a qualified group with the highest levels of professionalism, seeks to provide the best insurance solutions. The most important insurance services provided by the company are as follows:

### A. Health Insurance

Providing the best health care insurance programs in accordance with the terms, conditions and regulations of the Council of Cooperative Health Insurance in the Kingdom of Saudi Arabia, in addition to providing a comprehensive and reliable medical network of medical service providers including hospitals, clinics and pharmacies.

### B. Property insurance

They are as follows:

1. Fire and lightning risk insurance: Protecting property in a specific location.
2. All-risks insurance for property: Protecting property from damage as a result of an accident.
3. Loss of earnings insurance: Coverage for loss of business downtime as a result of an accident.

### C. Travel Insurance

Protection against travel losses.

### D. Marine insurance:

1. Marine Cargo Insurance: Protecting cargo against sea transportation damage.

### G. Liability insurance:

1. Workers' compensation insurance: Compensation for damages occurring in the work environment.
2. Public liability insurance: protection of the insured against claims made against him.
3. Professional Malpractice Insurance: Protecting the insured from his professional errors.

### H. Miscellaneous Accident Insurance:

1. Personal Accident Insurance: Compensation for injuries or death damages.
2. Money Insurance: Protecting the money of the insured.
3. Fidelity insurance: Compensation against business damages that cause loss of money, such as fraud.
4. Theft insurance: compensation for losses resulting from theft.

2. Ship Insurance: Protecting the hull of ships against marine accidents.

### E. Engineering insurance:

1. Contractors Comprehensive Insurance: Insurance of contractors' work against accident damage.
2. Equipment insurance: equipment insurance against external damage.
3. Equipment Breakdown Insurance: Equipment insurance against sudden breakdown.
4. Insurance for loss of profits as a result of equipment and equipment breakdown: Compensation for the loss resulting from equipment breakdown.
5. Insurance for boilers and pressure vessels: compensation for any damage caused by boilers and pressure vessels.
6. Goods damage insurance: Compensation for damage as a result of damage to goods.
7. Hardware and Equipment Insurance: Insurance against damage caused by electronic devices.

And the. Vehicle insurance:

Protection against damage resulting from accidents.

### F. Medical Malpractice Insurance:

Protection against medical malpractice damage.

### I. Energy insurance:

1. Insurance of energy companies (land scope): insurance of real estate and equipment for oil extraction, liquefied natural gas, petroleum gas, petrochemical processing plants, or what was related to all of that; Public facilities and more.
2. Energy Companies Insurance (Offshore): Insurance of real estate and equipment related to fixed platforms, pipelines, drilling machines, ships and buoys, onshore gas processing facilities or other properties, as well as costs of monitoring expenses, removal of debris, or loss of production, or the protection and compensation of contractual or statutory liabilities, and other admissible related interests



## 2. The most prominent strategic and operational decisions and achievements

- 1- Occupational medical malpractice insurance has been launched through the electronic brokers platforms, Tameenak (BCARE), and work is underway to launch the home insurance product, in conjunction with work to obtain the Central Bank's approval to sell the producers, in addition to four other products to enhance the company's electronic sales and reduce expenses and commissions paid to the brokers.
- 2- Launching the Falcon application to sell products via Android and iPhone, in order to facilitate access to products and facilitate the customer's experience in accessing sales and after-sales services.
- 3- Smart solutions is one of our business strategies to strengthen the company in terms of restructuring operations, and it will lead us to compete in the market with other leaders, and reduce manual operations. Accordingly, the (manage engine) platform was launched to submit change requests from all departments electronically instead of manually, and we are focusing on Containing all operations of the human resources department to automate them and reduce manual work as well.
- 4- The company's management focuses on maintaining and maintaining customer relations within the best terms and conditions with an excellent level of service.
- 5 Key variables and KPIs will focus more on identifying variances in the difference between actual and budgeted numbers. Our strategy is to monitor key performance and risk indicators to find discrepancies or take corrective action in business operations.
- 6 - Increasing the rate of profitability in the small and medium medical business portfolio and visitor visas compared to other products.
- 7- Establishing a department for telesales operations. To support sales and provide competitive insurance services to other companies.
- 8- . A qualitative study of the distribution of profits within the profitable insurance portfolios through the strategic study of each type (insurance segment) separately.
- 9 Focus on outsourcing to increase efficiency, monitoring facilities, preparing and reviewing a list of expenses carefully in order to achieve the optimal result of reducing expenses.
- 10- . Searching for solutions to reduce the business of motor insurance, both comprehensive and individual, and compiling an underwriting strategy to write more corporate business.
- 11- Activate the role of the anti-fraud unit within the concerned departments to improve control and reduce the cost of risks.
- 12- Sharing risks with various reinsurance companies that enjoy strong and stable financial positions in the international market as one of the internal risk management mechanisms

## 3. The future goals of the company:

- 4- Developing the company's infrastructure by developing information systems and relying more on technical means and digital transformation to reduce operating expenses, in addition to increasing efficiency and productivity.
- 5- Developing the efficiency of the company's underwriting mechanism and raising the degree of competitiveness in the sector to keep pace with the level of competitiveness, especially for new products, according to market requirements, to ensure customer continuity.
- 6- Work on diversifying the insurance portfolio by focusing on increasing the market share in motor and general insurance, including - but not limited to - professional medical malpractice insurance, home insurance, and extending visitor visas.
- 7- Reducing the company's obligations by activating excellence in operating claims along with obtaining customer satisfaction and complying with the regulations of the Saudi Arabian Monetary Agency.
- 8- Enhancing the role of governance and internal control functions in the company.
- 9- Investing in human capital and Saudization by developing a strategic plan for Saudization for the coming years and benefiting from market skills in addition to newly graduated personnel in insurance and others through (Tamheer).

4. What has been applied in the Corporate Governance Regulations and what has not been applied: In line with what was stipulated in the Corporate Governance Regulations, which requires the company to mention what has been applied of the provisions of the Corporate Governance Regulations and what has not been applied, with an indication of the reasons for non-application in the report of its Board of Directors, accordingly, Al-Sagr Cooperative Insurance Company has been keen to comply with all the statutory requirements included in the Regulations Corporate Governance issued by the Capital Market Authority, with the exception of the following:

Article No.	Source of governance regulation	The text of the article/paragraph	Reasons for non-application
Article Sixty-One / Paragraph (1)	Regulations of the Capital Market Authority	Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account the following standards related to performance, disclosure of them, and verification of their implementation.	The company partially complied, as the Nominations and Remuneration Committee recommended that, and the Board of Directors approved the recommendation, and it is awaiting the holding of the General Assembly meeting in the second quarter of 2023 to approve it. The company currently relies on the bonus policy mentioned in the company's articles of association
Article forty-eight / paragraph (b)	Regulations of the Capital Market Authority	When forming the Remuneration and Nomination Committees, the company takes into account that its members are members The Board of Directors is independent, and it is permissible to seek the assistance of non-executive members or persons who are not members of the Board, whether they are shareholders or others, provided that the chairs of the two committees referred to in this paragraph are independent members.	The company did not commit to appointing an independent chairman for the Nominations and Remunerations Committee, as the current non-executive chairman possesses sufficient information about the committee and its work in order to ensure the continuity of the committee's work. The company will be keen to appoint an independent chairman for the committee in the next session
Article Thirty-Nine / Paragraph (2)	Regulations of the Capital Market Authority	Developing the necessary mechanisms for each of the members of the Board of Directors and the Executive Management to obtain training programs and courses on an ongoing basis, in order to develop their skills and knowledge in areas related to the company's activities.	There is a training plan approved by the Nominations and Remuneration Committee, and it will be implemented to train members of the Board of Directors during the first quarter of 2023.
Article Forty-One / Paragraph (a) is a guiding article	Regulations of the Capital Market Authority	The Board of Directors - based on the proposal of the Nominations and Remuneration Committee - establishes the necessary mechanisms to annually evaluate the performance of the Board, its members and committees, and the executive management, through appropriate performance measurement indicators related to the extent to which the company's strategic objectives are achieved, the quality of risks, the adequacy of internal control systems, and others, provided that the strengths and weaknesses are identified and proposed Processing them in accordance with the interest of the company.	The company has committed to developing a policy for evaluating the performance of the board, its members, sub-committees and the executive management approved by the Nominations and Remunerations Committee, and the necessary approval is being obtained from the company's board of directors.

Article 85 / Paragraph (2), (3) (guiding article)	Regulations of the Capital Market Authority	Programs for granting employees shares in the company or a share of the profits it achieves, retirement programs, and the establishment of an independent fund to spend on these programs. 3- Establishing social institutions for the company's employees.	The company did not comply due to the lack of profitability in the year ending on 12/31/2022 AD, and the company's articles of association do not allow the company to buy its shares, but the company has various programs to motivate employees in the event of achieving profitability. In addition, these paragraphs are guiding in the corporate governance regulations of the Capital Market Authority.
Article 88 / Paragraph (a) Article (guiding)	Regulations of the Capital Market Authority	Develop measurement indicators that link the company's performance with its social work initiatives, and compare that with other companies with similar activity	The company has committed itself to presenting internal initiatives on a quarterly basis in social work, but it has not set benchmarks or comparisons between its initiatives and other companies, as it does not set limits on its social initiatives and strives to be unique and distinct in this field from other companies, in addition to that this paragraph is guiding. In the Corporate Governance Regulations of the Capital Market Authority.
Article Ninety-Five (Guideline Article)	Regulations of the Capital Market Authority	In the event that the Board of Directors forms a committee specialized in corporate governance, it shall delegate to it the competencies stipulated in Article 94 of these regulations. This committee shall follow up on any issues related to the application of corporate governance, and provide the Board of Directors, at least annually, with the reports and recommendations it reaches.	Since this article is non-mandatory guidance in the corporate governance regulations of the Capital Market Authority, this task is currently entrusted to the audit committee of the company.

5. The names of the members of the Board of Directors, members of committees, and executive management, their current and previous positions, and their qualifications and experience.

A. Board of Directors:

No	Name	Membership in al saqr cooperative company	Other current jobs	Previous /experiences jobs	Qualifications	Experience
1	Majid bin Abdullah Al-Sari 1	- Chairman of Board of Directors - Chairman of the Executive Committee - Member of the Investment Committee	Chairman of the Board of Directors of Al-Saqr National Insurance Company (Dubai). - Member of the Board of Directors of the Private Limited Investment Group. - Vice Chairman of the Board of Directors of the Gulf General Investments Company - Member of the Board of Directors of Al-Burj Real Estate Company. - Chairman of the Board of Directors of Soor Investment Company		Bachelor of Business Administration - Southeastern University, USA	26y
2	Abdul Mohsen bin Nafez Jaber 2	- Deputy Chairman of the Board. - Member of the Executive Committee. - Member of the Investment Committee.	Member of the Board of Directors and CEO of Al-Saqr National Insurance Company	Deputy General Manager at Al Sagr National Insurance Company (Dubai) - Senior Manager of the Medical Insurance Department at Al Sagr National Insurance Company (Dubai) - Medical Network Administrator - Al-Nisr Al-Arabi Insurance Company - Director of Medical Insurance - Al Baraka Takaful Company - Assistant General Manager - Emirates Takaful Company - Medical Representative, Smart Choice Inc. Jordan Marketing Officer Al-Anan for Development & Marketing Co Jordan	Master of Business Administration, Tulane University, USA Master of Science, University of Aberdeen, United Kingdom Bachelor of Microbiology - Jordan University of Science and Technology	27y
3	Abdullah bin Juma Al-Sari	- Member of the Board of Directors	- Chairman of the Board of Directors of Al-Saqr National Insurance Company - Dubai. - Vice President of the Economic Advisers Association - Sharjah	Vice President of Sharjah Municipality - Chairman of the Executive Committee of the Commercial Bank of Dubai - Member of the Board of Directors of the National Bank of Sharjah	Military College	51y



4	Sultan bin Abdulaziz Al Suwaidi	Member of the Board of Directors - Chairman of the Nominations and Remunerations Committee - Member of the Risk Management Committee	- Director of Legal Affairs, National Falcon Insurance Company (Dubai).	- Legal researcher at Al-Sagr National Insurance Company (Dubai). - Legal advisor at Al-Sagr National Insurance Company (Dubai). - Anti-Money Laundering Officer at Al-Sagr National Insurance Company (Dubai).	Bachelor of Law - University of Sharjah, United Arab Emirates	10y
5	Yasser bin Muhammad Al-Harbi	- Managing Director - Member of the Executive Committee. Member of the Investment Committee.	Founder and Chairman of the Board of Directors of Rad International Real Estate Company - Senior Investment Adviser - Princess Al Anoud Investment Corporation	- Saudi Computer Society since 2004 - Saudi Management Association since 2006 - American Project Management Association (PMI) from 2006 to 2010 - Saudi Economic Association since 2006 - Board of Directors of Houston Technologies Company - Britain from 2003 to 2013 - Board of Directors of the Arab System Engineering Company - Saudi Arabia, since 2009 - Board of Directors of Al-Amthal Company for Education and Training - Saudi Arabia from 2009 AD to 2013 AD - Chairman of the Board of Directors of the Digital Link - United Arab Emirates from 2006 AD to 2010 AD - Board of Directors of the Egyptian Saudi Company for Projects Development and Investments - Arab Republic of Egypt - From 2008 AD to 2011 - Chairman of the Saudi-Polish Business Council - Vice President of the Saudi-Jordanian Business Council - Vice President of the Saudi-Swiss Business Council - Member of the Saudi-French Business Council - Member of the Saudi Canadian Business Council - Member of the Saudi-Ukrainian Business Council - Member of the National Committee for Young Businessmen at the Council of Saudi Chambers - From 2009 to 2012 - Member of the Business Youth Committee at the Chamber of Commerce in Riyadh - From 2009 to 2013 - Member of the Small and Medium Enterprises Committee at the Chamber of Commerce in Riyadh - From 1429 AH to 1433 AH - Saudi businessmen delegation to the Arab League meetings - Youth Arab Leaders Organization YAL - From 2008 AD to 2012 AD - Member of the Board of Directors of the Omani Equity Fund - Bank Muscat - Member of the Board of Directors of Wathqa Securities Fund - Wathqa Securities Company - Member of the Board of Directors of the Eastern Development Company (a public joint stock company listed on the Saudi stock market) - Member of the Board of Directors - Chairman of the Audit Committee - Vice Chairman of the Executive Committee of Riyadh Development Company (a public joint stock company listed on the Saudi stock market) - Member of the Board of Directors - Chairman of the Investment Committee - Member of the Remuneration and Nominations Committee of Al Ahlia Cooperative Insurance Company (a public joint stock company listed on the Saudi stock market)	- BA - Linguistics 1994 from King Saud University in Riyadh - PhD program in DBA Business Administration 2005 AD from AIU University in the United States of America in the field of information management systems - Executive Diploma in Non-Profit Facilities Management - BRATHAY-2018 - Certificate of passing the professional exam in the basics of insurance - Financial Institute - Saudi Arabian Monetary Agency in 2018. - Certificate of passing the practice requirements (real estate brokerage - real estate financing - off-plan sales - real estate marketing - property management - facilities management - real estate auctions) from the Saudi Real Estate Institute - the General Real Estate Authority Membership of the Saudi Authority for Accredited Residents - Certificate of practical procedures in the expropriation of real estate for the public benefit in 2019- - Taqueem Academy - Saudi Authority for Accredited Residents	33y

6	Abdullah bin Suleiman Al-Hindi4	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Chairman of the Risk Committee</li> <li>- Member of the Executive Committee.</li> </ul>	Insurance affairs advisor at the Ministry of Environment, Water and Agriculture	<ul style="list-style-type: none"> <li>- General Manager of Sales for large companies and main accounts at Tawuniya Insurance</li> <li>- Motor Claims Manager at Al Ahlia Insurance Company</li> <li>- Motor Claims Manager at Malath Insurance Company</li> <li>- Director of the Service Providers Unit at the Cooperative Insurance Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Business Administration from King Saud University</li> <li>- Fellowship in insurance from the British Royal Insurance Institute</li> </ul>	22y
7	Fahd bin Talal Kurdi5	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Chairman of the Investment Committee</li> <li>- Member of the Nominations and Remunerations Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Vice President and Head of the Wealth Management Department, Watani Wealth Management Company - National Bank of Kuwait</li> </ul>	<ul style="list-style-type: none"> <li>- Investcorp (Executive Director)</li> <li>- Jadwa Investment Company (Vice President - Head of the Western Region, Jeddah)</li> <li>- Al Ahly Capital - Wealth and Asset Management (private wealth manager - high net worth segment, Jeddah)</li> <li>- Banque Saudi Fransi (Manager of Private Banking Relationships, Jeddah)</li> <li>- Banque Saudi Fransi (Wealth Manager, Riyadh)</li> <li>- Encore Management S.A. (Investment Assistant, Geneva Switzerland)</li> </ul>	<ul style="list-style-type: none"> <li>- Commencement Associate Degree, Business Administration from George Washington University, Washington DC</li> <li>- Bachelor of Business Administration + Web Design Certificate from Webster University, Geneva, Switzerland</li> <li>- Certified Personal Financial Planner (CPFP) from the Institute of Banking, Central Bank of Saudi Arabia</li> <li>- CME-1 Financial Planning, Institute of Banking, Central Bank of Saudi Arabia.</li> <li>- (Wealth mangmnet Diploma) Wealth management training program certificate, Banking Institute - Central Bank of Saudi Arabia.</li> </ul>	19y
8	Muhammad bin Abdul Rahman Al-Jabreen 6	Muhammad bin Abdul Rahman Al-Jabreen6	<ul style="list-style-type: none"> <li>- Vice President for Academic Affairs at Prince Sultan University</li> <li>- Chief Executive Officer of the Arab Seop Company</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Executive Officer of Seop Arabia Company</li> <li>- Chief Financial Officer at Rana Investment Company</li> <li>- Dean of the College of Business Administration, Prince Sultan University.</li> <li>- Vice President for Financial Affairs for three companies, Al Seif Company.</li> <li>- Lecturer - Head of the Department for the last two years, King Saud University.</li> <li>- Member of the Audit Committee, Alinma Capital.</li> <li>- Member of the Audit Committee, Wafaa Insurance.</li> <li>- Member of the Audit Committee, Al Yusr Finance Company.</li> <li>- Member of the Board of Directors of three funds, Kuwait Finance House.</li> <li>- Member of the Audit Committee, then Chairman of the Committee, Inc Abdul Latif Al-Essa Holding Group</li> <li>- Member of the Audit Committee, then Chairman of the Committee, the National General Motors Company.</li> <li>- Chairman of the Audit Committee, Al-Afdal Rent A Car Company.</li> <li>- Member of the Economic Committee, Ministry of Islamic Affairs and Endowments</li> <li>- Member of the Investment Committee, Chamber of Commerce.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration (Finance) from King Saud University, Kingdom of Saudi Arabia.</li> <li>- Master of Business Administration (Finance) from Southern Illinois University in Carbondale, USA.</li> <li>- Master of Economics, Lehigh University, USA</li> <li>- PhD in Investment and Finance from Lehigh University, USA</li> </ul>	20y

9	Saud bin Saleh Al-Arifi 7	- Member of the Board of Directors - Member of the Risk Committee - Member of the Nominations and Remunerations Committee.	- CEO, National Triple Energy Production Company. - Managing Director, Board Member and Executive Committee Member, District Air Conditioning Company Limited. - CEO, Power Supply Co., Ltd - Member of the Board of Directors, Cushman & Wakefield Company	Managing Director of the Medical Sector, Al-Faisaliah Group Company. - Partner and CEO - Fawaz Al Hokair Company.	Bachelor of Industrial Engineering - USA.	26y
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- 1- Mr. Majed Al-Sari was appointed as Chairman of the Board of Directors on 09/18/2022 AD.
- 2- Mr. Abdul Mohsen Jaber was appointed as Vice Chairman of the Board of Directors on 09/18/2022 AD.
- 3- Mr. Yasser Al-Harbi was appointed as a board member on 08/29/2022 AD and appointed as Managing Director on 09/18/2022 AD.
- 4- Mr. Abdullah Al-Hindi was appointed as a member of the Board of Directors on 08/29/2022 AD.
- 5- Mr. Fahd Kurdi was appointed as a member of the Board of Directors on 08/29/2022 AD.
- 6- Mr. Muhammad Al-Jibreen was appointed as a member of the Board of Directors on 08/29/2022 AD.
- 7- Mr. Saud Al-Arifi was appointed as a member of the Board of Directors on 08/29/2022 AD.

#### B. Committee members from outside the Council:

No	Name	Committee name and membership status	Current job	Previous /experiences jobs	Qualifications	Experience
1	Ahmed Mohamed Hamed Dakhil 1	Member of the Audit Committee, independent member	- Director of Internal Audit at Al-Yamamah Steel Industries Company	- Internal auditor, the first company in Nahdi Medical - Director of internal auditing at the International Water Distribution Company - Director of Internal Audit at Panda Retail Company	- - Bachelor's degree in Finance from Marymount University, USA	11y
2	Khaled Muqbel Ali Al-Muqbel2	Member of the Audit Committee, independent member	Head of Internal Audit and Secretary of the Audit Committee at Seiko Insurance Company. - Head of Internal Audit and Secretary of the Audit Committee at SABB Takaful Insurance Company - Director of Internal Audit at Malath Insurance Company.	Head of Internal Audit and Secretary of the Audit Committee at Seiko Insurance Company. - Head of Internal Audit and Secretary of the Audit Committee at SABB Takaful Insurance Company - Director of Internal Audit at Malath Insurance Company.	- Bachelor's degree in Accounting from King Saud University - CIA (Internal Audit) from the American Institute of Internal Auditors (USA) - CCSA (Internal Control Risk Assessment) from the American Institute of Internal Auditors (USA)	29y


## C. Technical Administration

No	Name	Current job	Previous /experiences jobs	Qualifications	Experience
1	Yasser bin Mohammed Al-Harbi	Managing Director	<ul style="list-style-type: none"> <li>- Rad International Company - President</li> <li>- Al-Sharqiya Development Company, member of the Board of Directors and the Investment Committee</li> <li>- Riyadh Development Company - Member of the Board of Directors, Chairman of the Investment Committee and Vice Chairman of the Executive Committee.</li> <li>- Al-Ahlia Cooperative Insurance Company - Member of the Board of Directors, Chairman of the Investment Committee, and Member of the Rewards and Nominations Committee.</li> <li>- Al-Sagr Cooperative Insurance Company - Member of the Board of Directors, Member of the Investment Committee, and Member of the Executive Committee</li> </ul>	Bacheleor -Linguistics DBA -BA Executive Diploma -Resilient Diploma -Insurance APPLIED DIPLOMA -NGOs' MANGEMENT	About 35y
	Imad Mahdi Awani	Chief Internal Audit Executive	<ul style="list-style-type: none"> <li>- Director of Internal Audit at Buruj Cooperative Insurance Company</li> <li>- Senior External Auditor at Ernst &amp; Young</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Accounting - King Faisal University</li> <li>Insurance Fundamentals Certificate (IFCE).</li> <li>Certified Information Systems Auditor - CISA</li> <li>- Certified Risk Based Auditor - CRBA</li> <li>Anti-fraud certificate.</li> <li>Certificate in combating money laundering and terrorist financing.</li> <li>Compliance General Certificate</li> <li>Leadership and Project Management Skills Certificate</li> <li>- Managing Project Risks Certificate</li> <li>Fundamentals of Management Certificate</li> <li>- Leadership Essentials Certificate</li> <li>- Time Management Certificate</li> <li>- Stress Management Certificate</li> <li>Certificate in Fundamentals of Cybersecurity</li> <li>Fraud Investigation Fundamentals Certificate.</li> <li>Cybersecurity Workshop - A Practical Approach</li> <li>- Preventing and detecting Procurement Fraud</li> <li>Fundamentals of information security.</li> <li>- Property Insurance and Reinsurance Certificate</li> <li>- IT Disaster Recovery - Practices, Myths and Reality</li> <li>Business Competitive Intelligence</li> <li>- The Future of Anti-Money Laundering Compliance</li> <li>- The Fight Against Bribery and Corruption</li> <li>Environmental Management System: How to conduct an Environmental Impact Assessment (EIA)</li> <li>Integrated Management System</li> <li>- Numerous training courses and workshops in internal auditing, internal control, and anti-fraud</li> </ul>	19 y
3	Faiz Hassan al osfour	Director of Human Resources and Support Services	<ul style="list-style-type: none"> <li>- Executive Director of Human Resources at Marmar Holding Company.</li> <li>- Executive Director of Human Resources at El Sewedy Holding Company.</li> <li>- Regional Director of Human Resources at Al Jomaih Holding Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Master of Business Administration from the American University in London.</li> <li>- Bachelor of Business Administration, Little Rock University, USA.</li> <li>CHRM is an internationally accredited Human Resources Manager.</li> </ul>	36 y

4	Mazen bin Abdullah Al-Faris.	Head of Executive Compliance Department	Executive Head of Compliance and Legal Department at MetLife Cooperative Insurance Company. - Head of the Executive Compliance Department at Walaa Cooperative Insurance Company. - Director of Commercial Services (credits and guarantees) at Samba Bank. - Director of Patient Relations at Al Mowasat Hospital.	- Bachelor's degree in financial and banking economics, University of Bahrain. - Certified Regulatory Controller (COO) from the American Financial Academy. Certified Anti-Money Laundering Specialist (ACAMS) Loma Institute Fellowship in Life Insurance Management from the Loma Institute, USA.	31y
5	Yasin Mohammed Al Zahrani	- Director of Customer Care Department	Customer Care Responsible at Al-Sagr Company. - Receptionist at Amjad Al-Hogail Clinics. - Mada company data entry.	- Bachelor's degree in English, King Faisal University. General certificate of insurance basics A training program in computers and office applications	About 12 y
6	Abdul Rahman Ibrahim Al-Mansour	IT manager	Acting Head of Information Technology Department - Walaa Insurance Company.	Bachelor of Information Technology - BOISE STATE UNIVERSITY USA	10y
7	Dalal Abdullah Burhan	Vehicle insurance manager	- Car Subscription Manager - Insurance Manager at Walaa Insurance Company -	Bachelor of Accounting - ACII - INSURANCE -	16 y
8	Kazem Ahmed Al Kazem	Director of the Medical Department	- The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) - Director of Medical Insurance (regional). - Saipem Saudi Arabia Ltd. - Accountant - Cooperative Insurance - Accountant	- Bachelor of Science in Finance	24 y
9	Masoud Ahmed	Acting Financial Director	Deloitte Touché Tohmats -Audit Manager Al Sagr Cooperative Insurance Company - Financial Controller	Intermediate and Secondary Education Degree Physics, Chemistry, Biology, English	About 13y



The names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or whoever manages it.

member name	Names of companies in which a member of the company's board of directors is a member of its current boards of directors or whoever manages it.	legal entity	Inside the kingdom / outside the kingdom	Names of companies in which a member of the company's board of directors is a member of its previous boards of directors or whoever manages it.	legal entity	Inside the kingdom / outside the kingdom
Majid bin Abdullah Al-Sari	1. Al- Sagr National Insurance Company 2. Al-Burj Real Estate Company 3. Gulf General Investments Company 4. Investment Group PVT LLC 5. Al- Sagr Insurance Company 6. Al Soor Investments L.L.C	1. Listed Company 2. Closed Joint Stock 3. Listed Company 4. Limited liability company 5. Public Shareholding Company 6. Limited liability company	1. Outside the Kingdom 2. Outside the Kingdom 3. Outside the Kingdom 4. Outside the Kingdom 5. Inside the Kingdom 6. Outside the Kingdom			
Abdullah bin Juma Al-Sari	1. Gulf General Investments Company	1. Public Shareholding Company	7. Outside the Kingdom	1. Bank of Sharjah 2. Commercial Bank of Dubai	1. National Bank 2. Bank	1. Outside the Kingdom 2. Outside the Kingdom
Sultan bin Abdulaziz Al Suwaidi	1. Al- Sagr Insurance Company	1. Public Shareholding Company	1. Inside the Kingdom			
Abdul Mohsen bin Nafez Jaber	1. Al- Sagr Insurance Company 2. Al- Sagr National Insurance Company	1. Listed Company 2. Listed Company	1. Inside the Kingdom 2. Outside the Kingdom	1. Emirates Takaful Insurance 2. Al Baraka Takaful 3. Al-Nisr Al-Arabi Insurance	1. Listed Company 2. Listed Company 3. Listed Company	1. Outside the Kingdom 2. Outside the Kingdom 3. Outside the Kingdom
Yasser bin Mohammed Al-Harbi	1. Al- Sagr Insurance Company 2. Raed International Real Estate Company	1. Listed Company 2. Limited liability company	1. Inside the Kingdom 2. Inside the Kingdom	1. Sharqyah Development Company 2. Riyadh Development Company 3. Al-Ahlia Insurance Company 4. Abral International Company 5. Euston Technology Company 6. Arab Company for Systems Engineering 7. Optimum Education and Training Company 8. Saudi-Egyptian Industrial Investment	1. Listed Company 2. Listed Company 3. Listed Company 4. Limited liability company 5. Limited liability company 6. Limited liability company 7. Limited liability company 8. Closed Joint Stock	1. inside the Kingdom 2. Inside the Kingdom 3. Inside the Kingdom 4. Inside the Kingdom 5. Outside the Kingdom 6. Inside the Kingdom 7. Inside the Kingdom
 الصقر للتأمين AlSagr Insurance						

						8. outside the Kingdom
Abdullah bin Suleiman Al-Hindi	1. Al- Sagr Insurance Company 2. The Ministry of Environment, Water and Agriculture	1. Listed company 2. A government ministry	1. Inside the Kingdom 2. Inside the Kingdom	1. Tawuniya Insurance company 2. Al-Ahlya for insurance company 3. Malath Insurance company	1. Listed Company 2. Listed Company 3. Listed Company	1. inside the Kingdom 2. Inside the Kingdom 3. Inside the Kingdom
Fahd bin Talal Kurdi	1. Al- Sagr Insurance Company 2. NBK Wealth Management	1. Listed company 2. Closed Joint Stock	1. Inside the Kingdom 2. Inside the Kingdom	1. Investcorp Company 2. Jadwa Investment Company 3. Banque Saudi Fransi 4. Al Ahly Capital	1. Listed Company 2. Closed Joint Stock 3. Listed Company 4. Listed Company	1. inside the Kingdom 2. Inside the Kingdom 3. Inside the Kingdom 4. Inside the Kingdom
Muhammad bin Abdul Rahman Al-Jibreen	1. Al- Sagr Insurance Company 2. Prince Sultan University 3. Seyoub Arabia Company 4. NOMW CAPITAL 5. Kuwait Finance House	1. Listed company 2. A private, non-profit university 3. Closed Joint Stock 4. Closed Joint Stock 5. Closed Joint Stock	1. Inside the Kingdom 2. Inside the Kingdom 3. Inside the Kingdom 4. Inside the Kingdom 5. Inside the Kingdom	1. Rana Investment Company 2. King Saud University 3. Wafa Insurance 4. Ministry of Islamic Affairs and Endowments 5. chamber of commerce	1. Closed Joint Stock 2. An independent Saudi public university 3. Public Shareholding Company 4. A Government agency 5. Non-profit organization	1. inside the Kingdom 2. Inside the Kingdom 3. Inside the Kingdom 4. Inside the Kingdom 5. Inside the Kingdom
Saud bin Saleh Al-Arifi	1. Al- Sagr Insurance Company	1. Listed company	1. Inside the Kingdom	1. Al-Faisaliah Group Company 2. The National Company for Triple Energy Production 3. District Air Conditioning Co. Ltd 4. power supply company 5. Cushman & Wakefield Company	1. Closed Joint Stock 2. Closed Joint Stock 3. Closed Joint Stock 4. Closed Joint Stock 5. Closed Joint Stock	1. inside the Kingdom 2. Inside the Kingdom 3. Inside the Kingdom 4. Inside the Kingdom 5. Inside the Kingdom

1	Majid bin Abdullah Al Sirri	Non-Executive
2	Abdul Mohsen bin Nafez Jaber	Non-Executive
3	Abdullah bin Juma Al-Sari	Non-Executive
4	Sultan bin Abdulaziz Al Suwaidi	Non-Executive
5	Yasser bin Mohammed Al-Harb	Executive
6	Abdullah bin Suleiman Al-Hindi	Independent
7	Fahd bin Talal Kurdi	Independent
8	Muhammad bin Abdul Rahman Al-Jibreen	Independent
9	Saud bin Saleh Al-Arifi	Independent

#### 7. The measures are taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and observations regarding the company and its performance.

In the event of receiving suggestions or remarks from shareholders, the Board of Directors shall inform its members, especially non-executives, of these proposals or remarks, through the following means:

- Board meetings
- Committee meetings
- General Assembly meetings

#### 8. The responsibilities of the Board of Directors regarding communication with shareholders

The Governance Regulations of Al-Sagr Cooperative Insurance Company regulate the rights of shareholders by enabling them to exercise their rights to the fullest extent, using the most effective methods of communication with shareholders such as e-mail (SH.relation@alsagr.com), receiving phone calls, writing down all their observations and discussing them with members of the Board of Directors and Executive Management in order to reach satisfactory solutions. The company's website also includes an Investor Relations section aimed at informing them of the company's platform on the Tadawul website and displaying Al-Sagr company advertisements. The company's Articles of Association and its internal regulations also included the necessary procedures and precautions to ensure that all shareholders exercise their statutory rights and not discriminate between shareholders in this regard, and for the purpose of achieving communication between the company and shareholders that is based on a common understanding of the company's strategic goals and interests

#### 9. Committees emanating from the Board of Directors

The following is a brief description of the terms of reference of the committees emanating from the Board of Directors and their tasks, along with mentioning the names of the committees, their chairmen and members, the number of their meetings, the dates of their convening, and the attendance data of the members for each meeting, as follows:

#### A. Audit Committee

The Board of Directors forms the Audit Committee in accordance with the requirements of the General Assembly by appointing no less than three members and not more than five, provided that they are not members of the Executive Board of Directors, its employees or advisors for a period of three years after obtaining a written non-objection of the Central Bank of Saudi Arabia, based on the regulations Issued by the Capital Market Authority and the Central Bank of Saudi Arabia, including the Corporate Governance Regulations and the Implementing Regulations of the Insurance Companies Control Law.

##### Among the duties of the Audit Committee, for example, but not limited to:

1. Developing a business plan for it approved by a resolution of the Board of Directors, including the rules, responsibilities and obligations of the Audit Committee.
2. Supervising the company's internal audit department to ensure its level of effectiveness in carrying out the tasks entrusted to it.
3. Supervising the company's compliance department to ensure its level of effectiveness in carrying out the tasks entrusted to it.
4. Ensuring the independence of the Internal Audit Department and the Compliance Department in performing the tasks entrusted to it and ensuring that there is no negative impact on its work.
5. Examining and reviewing the quarterly and annual financial statements and making recommendations to the Board of Directors in this regard.
6. Examining the internal audit management plan and the external auditors, in addition to compliance plans, approving them and following up on their implementation.
7. Examining the important accounting strategies, their procedures, and the changes that occur thereto, and submitting recommendations to the Board of Directors in this regard.
8. Follow up on the reports issued by the Central Bank of Saudi Arabia and the relevant supervisory and control authorities, and make recommendations regarding them to the Board of Directors.
9. Examining the reports of the internal and external auditors and submitting recommendations thereon to the Board of Directors.
10. Evaluation of the efficiency and effectiveness of the work of internal and external auditors.

#### B. Nominations and Remunerations Committee:

The Board of Directors formed the Nominations and Remunerations Committee with not less than 3 members and not more than 5 members, provided that two of the members of the committee are independent and cannot be chaired by the Chairman of the Board of Directors, based on the regulations issued by the Capital Market Authority and the Central Bank of Saudi Arabia, including the Corporate Governance Regulations and the executive regulations of the insurance companies control system.

##### Among the tasks of the Nominations and Remunerations Committee, for example, but not limited to:

1. Presenting policies and procedures regarding job succession for the company, the board of directors, and members of senior management, and monitoring their implementation.
2. Establishing clear procedures for the nomination of the Board, including the approvals of the General Assembly and the supervisory authorities.
3. Developing plans to fill vacant leadership positions in the company, including members of the executive management, and following up the implementation of plans and procedures for filling vacant positions.

4. Ensuring the independence of the independent members of the Board of Directors.
5. Submitting its plans for determining the shares of bonuses and compensations of the senior executive management and employees to the audit committee to be reviewed in accordance with the key performance indicators and then approved by the Board of Directors and the Shareholders' Assembly.
6. Ensure annually that there are no cases of conflict of interest among the members of the Board if one of them is a member of the Board of Directors of another company.
7. Determining the strengths and weaknesses of the Board of Directors and making proposals to address them in line with the company's interest.
8. Annual review of the necessary competencies and identification of qualifications and required skills requirements for membership of the Board of Directors.
9. Reviewing the requirements required for the membership of the Board of Directors and its committees and preparing a description of the capabilities and qualifications required for membership of the Board of Directors or membership of the Board committees, including determining the time that the member needs to allocate to the work of the Board of Directors and/or committees of the Board of Directors

Committee meetings during the year 2022 AD

Committee meetings during the year 2022 AD									
No.:	Name	Position	Membership classification	private meeting (1) 24/01/2022	First meeting 09/03/2022	Second meeting 26/09/2022	Second meeting 26/12/2022	Total Attendance	Percentage of member attendance



1	Sultan bin Abdulaziz Al Suwaidi <sup>1</sup>	Chairman of the Committee	Non-Executive	Attended	Did not attend	Attended	Attended	3	75%
2	Fahd bin Talal Kurdi <sup>2</sup>	Committee member	Independent	Not applicable	Not applicable	Attended	Attended	2	50%
3	Saud bin Saleh Al-Arifi <sup>3</sup>	Committee member	Independent	Not applicable	Not applicable	Attended	Attended	2	50%
<b>Former members of the Nominations and Remunerations Committee</b>									
1	Khalid bin Abdul Hameed Al-Shuwaier <sup>4</sup>	Chairman of the Committee	Independent	Attended	Attended	Not applicable	Not applicable	2	50%
2	Abdullah bin Abdul Rahman Al-Bassam <sup>5</sup>	Committee member	Independent	Attended	Attended	Not applicable	Not applicable	2	50%

1. Mr. Sultan Al Suwaidi was appointed as Chairman of the Nominations and Remuneration Committee on 18/09/2022 AD.
2. Mr. Fahd Kurdi was appointed as a member of the Nominations and Remuneration Committee on 18/09/2022 AD.
3. Mr. Saud Al-Arifi was appointed as a member of the Nominations and Remuneration Committee on 18/09/2022 AD.
4. Mr. Khaled Al-Shuwaier resigned from the membership of the Council and Committees on 12/04/2022 AD.
5. Mr. Abdullah Al-Bassam resigned as a member of the Council and Committees on 12/04/2022 AD.

### C. Risk Committee

Based on the regulations issued by the Capital Market Authority and the Central Bank of Saudi Arabia, including the Corporate Governance Regulations and the Implementing Regulations of the Insurance Companies Control Law, the Risk Committee was formed by the Board of Directors, Provided that it includes in its membership at least three members, and that its chairman and the majority of its members are non-executive members of the Board of Directors with the need to commensurate the knowledge and experience of the members of the Risk Committee with the size, nature and complexity of the company's works .

Among the missions of the Risk Committee are, for example, but not limited to:

1. Develop a comprehensive strategy for risk management, follow up on its implementation, and review its update based on the internal and external changes of the company .
2. Review risk management policies.
3. Determine the risks that the company may be exposed to and maintain an acceptable level of risk for the company.
4. Supervise the company's risk management system and evaluating its effectiveness.
5. Submit the necessary recommendations to the Board of Directors regarding risk management reports.
6. Submit reports to the Board of Directors on exposure to risks and the proposed steps to manage them.
7. The Board of Directors determines the company's ability and readiness to accept risks based on recommendations from the Risk Committee.
8. Periodic evaluation of the company's ability to bear the risks to which it is exposed (through stress tests).

#### Committee meetings during the year 2022 AD

Serial No.	Name	Position	Nature Of Membership	Meetings Held During the Year 2022				Total Attendance	Attendance Rate
				First Meeting 14/03/2022	Second Meeting 13/10/2022	Third Meeting 17/11/2022	Fourth Meeting 14/12/2022		
1	Abdullah bin Suleiman Al Hindi1	Chairman of the Committee	Independent	Not applicable	attend	attend	attend	3	75%
2	Sultan bin Abdulaziz Al Suwaidi	Committee member	Non-executive	attend	attend	attend	attend	4	100%
3	Saud bin Saleh Al Arifi 2	Committee member	Independent	Not applicable	attend	attend	attend	3	75%
Former members of the Risk Committee									
	Khalid bin Abdul Hameed Al Shuwaier 3	Chairman of the Committee	Independent	attend	Not applicable	Not applicable	Not applicable	1	25%
	Sultan bin Khalid Al Turki4	Committee member	Independent	attend	Not applicable	Not applicable	Not applicable	1	25%

1. Mr. Abdullah Al Hindi was appointed as Chairman of the Risk Committee on 18/09/2022
2. Mr. Saud Al Arifi was appointed as a member of the Risk Committee on 18/09/2022 AD.
3. Mr. Khaled Al Shuwaier resigned from the membership of the Council and Committees on 12/04/2022 AD.
4. Mr. Sultan Al Turki resigned as a member of the Council and Committees on 12/04/2022 AD.

#### D. Investment Committee

Based on the rules and regulations issued by the Central Bank of Saudi Arabia, including the Corporate Governance Regulations and the Implementing Regulations of the Insurance Companies Control Law, the Board of Directors of Al Saqr Cooperative Insurance Company establishes an Investment Committee composed of no less than three members and its members are appointed based on the nominations of the Board of Directors, taking into account following the regular procedures, and its members shall possess sufficient experience and knowledge regarding investment .

Among the missions of the Investment Committee are, for example, but not limited to :

1. Drafting and preparing the investment policy and reviewing its performance and implementation on an annual basis.
2. Reviewing the performance of each asset class.
3. Following up on the general risks of the investment policy
4. Submitting the investment portfolio performance report to the Board of Directors.
5. Ensuring that all investment-related activities comply with the requirements of the Investment Regulations issued by the Central Bank of Saudi Arabia and the requirements of other related laws and regulations.
6. Drafting and preparing the investment policy, reviewing its performance on an annual basis, defining the investment objectives of the company, and making recommendations in this regard to the Board of Directors, including defining levels of risk tolerance, diversification of assets, and diversification of investment operations.
7. General supervision of the performance of investment operations, including the evaluation of investment results to determine the success of investment strategies and to ensure compliance with the investment policies of the company.
8. Following-up and reviewing the diversification of the investment portfolio as necessary to manage investments and achieve the interest of the company.
9. Monitoring the efficiency and quality of the investment process in comparison with the objectives and submitting the results of the committee's work to the Executive Committee and then to the Board of Directors to take the necessary measures and approvals.

## Committee meetings during 2022

Serial No.	Name	Position	Nature Of Membership	Meetings held during the year 2022			Total Attendance	Attendance Rate
				First Meeting 17/10/2022	Second Meeting 25/12/2022	Third Meeting 17/12/2022		
1	Fahd Talal Kurdi 1	Chairman of the Committee	Independent	attend	attend	attend	3	100%
2	Majid bin Abdullah Al Sari	Committee member	Non-executive	attend	attend	attend	3	100%
3	Abdul Mohsen bin Nafez Jaber	Committee member	Non-executive	attend	attend	attend	3	100%
4	Yasser bin Mohammed Al Harbi 2	Committee member	Executive	attend	attend	attend	3	100%
<b>Former members of the Risk Committee</b>								
	Majid bin Abdul Mohsen Al Sunaid 3	Committee member	Independent from outside the board	Not applicable	Not applicable	Not applicable	0	0%

1. Mr. Fahd Kurdi was appointed as Chairman of the Investment Committee on 18/09/2022 AD.
2. Mr. Yasser Al Harbi was appointed as a member of the Risk Committee on 18/09/2022 AD.
3. Mr. Majed Al Sunaid resigned from the membership of the Council and Committees on 11/04/2022 AD.

## E. Executive Committee

The Board of Directors shall establish the Executive Committee, which includes in its membership not less than three and not more than five, and that it is composed of executive and non-executive members who have appropriate experience in the work of the committee .

Among the missions of the Executive Committee are, for example, but not limited to :

1. Making recommendations to the Board of Directors on the strategic and operational plans, budgets and works plans developed by the management.
2. Taking decisions on matters authorized by the Board of Directors that are outside the scope of the powers of the CEO of the company, including issues related to capital expenditures and purchases, within the limits authorized by the Committee from the Board of Directors.
3. Reviewing the company's policies, procedures and strategies in cooperation with the executive management.
4. Supervising the performance of the executive management in the company.
5. Analyzing operational risks on an ongoing basis and working to address risks in cooperation with the concerned parties.
6. Monitoring market shares, growth rates and penetration.
7. Monitoring the implementation of the expansion of points of sale and branches.
8. Arranging priorities in allocating capital, human and technical resources.

## Committee meetings during the year 2022 AD

S er ia l N o.	Name	Position	Nature Of Membershi p	Meetings held during the year 2022						Total Attendance	Attendance Rate
				First Meeting 19/01/2022	Second Meeting 12/10/2022	Third Meeting 31/10/2022	Fourth meeting 17/11/2022	Fifth meeting 12/12/2022	Sixth meeting 28/12/2022		
1	Majid bin Abdullah Al Sari 1	Chairman of the Committee	Non- executive	attend	attend	attend	attend	attend	attend	6	100%
2	Abdul Mohsen bin Nafez Jaber	Committee member	Non- executive	attend	attend	attend	attend	attend	attend	6	100%
3	Abdullah bin Suleiman Al Hindi2	Committee member	Independent	Not applicable	attend	attend	attend	attend	attend	5	83%
4	Yasser Muhammad Al Harbi 3	Committee member	Executive	Not applicable	Not applicable	Not applicable	Not applicable	attend	attend	2	33%
	Fahd bin Abdul Rahman Al Turki4	Chairman of the Committee	Non- executive	attend	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1	17%

1. Mr. Majed Al Sari was appointed as Chairman of the Executive Committee on 18/09/2022 AD.
2. Mr. Abdullah Al Hindi was appointed as a member of the Executive Committee on 18/09/2022 AD.
3. Mr. Yasser Al Harbi was appointed as a member of the Executive Committee on 30/11/2022 AD.
4. Mr. Fahd Al Turki resigned from the membership of the Council and Committees on 13/04/2022 AD.
- 5.

## 10. Evaluate the performance of the Board of Directors and the performance of its committees and members

The policy for evaluating the performance of the members of the Board of Directors and committees has been approved, in accordance with the standards and procedures for the periodic and annual evaluation of performance. The Nominations and Remunerations Committee performs evaluation missions. An external party has been appointed to evaluate the board of directors, its sub-committees and its secretary for the year 2021 AD .



## 11. Disclosure of the remuneration of the members of the Board of Directors and the Executive Management as stipulated in Article Ninety-Three of the Corporate Governance Regulations.

### Remuneration policy for members of the Board of Directors, committees and executive management

The Company's Articles of Association and the regulations for remuneration of members of the Board of Directors and committees emanating from the Board show the remuneration of the members of the Board of Directors in order to ensure accurate, transparent and detailed disclosure in the report of the Board of Directors about the remunerations granted to members of the Board of Directors and its committees, directly or indirectly, without concealment or misleading, whether they are amounts benefits or advantages, where the nineteenth article of the company's Articles of Association and under the title of remuneration for the members of the board and the sub-committees stipulates the following: "The annual remuneration for the chairman and members of the board of directors shall be at a minimum of (SAR 400,000) four hundred thousand Saudi riyals and a maximum of (SAR 500,000) five hundred thousand Saudi riyals annually For their membership in the Board of Directors and their participation in its work, including additional annual bonuses in case the member participates in any of the committees emanating from the Board of Directors.

In the event that the company achieves profits, a percentage equivalent to (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to the shareholders of not less than (5%) of the company's paid-up capital. Provided that the entitlement to this reward is commensurate with the number of sessions attended by the member, and any assessment contrary to this shall be null and void.

In all cases, the sum of what a member of the Board of Directors receives in terms of remuneration and financial or in-kind benefits does not exceed five hundred thousand riyals annually.

The maximum allowance for attending the sessions of the Council and its committees shall be five thousand riyals for each session, not including travel and accommodation expenses.

Each member of the Board, including the Chairman of the Board, shall be paid the value of the actual expenses that they incur in order to attend the meetings of the Board and the committees emanating from the Board of Directors, including travel, accommodation and subsistence expenses .

The list of rewards for members of the executive management also includes disclosing rewards for employees of the executive management in an appropriate manner and in compliance with any instructions and regulations issued by the regulatory and supervisory authorities and in force in the Kingdom of Saudi Arabia. This report shows the rewards and benefits for five senior executives who received the highest rewards from the company .

### The relationship between the rewards granted and the applicable rewards policy

Al Saqr Cooperative Insurance Company followed the remunerations granted to members of the Board of Directors as stated in the paragraph contained in Article No. (19) of the company's articles of association, which is consistent with the policy of remuneration for members of the Board of Directors, committees and executive management approved by the General Assembly, by granting the minimum reward of SAR 400,000.

#### A. Board members remuneration :

Details of the remuneration due to each of the members of the Board of Directors, Board committees and senior executives (numbers in Saudi Riyals) during the year 2022, No payments have been made to any member of the Board of Directors and its committees regarding attendance fees and annual bonuses for the period from 01/01/2022 to 31/12/2022, Thus, all these balances still appear to be payable as at the end of 2022. Accordingly, the company has established accruals for the fees due for the period from 01/01/2022 to 31/12/2022.

	specific amount	Allowance for attending council sessions	Total allowance for attending committee sessions	in-kind benefits	What they received for technical or administrative work or	Remuneration of the chairman, the Managing Director or the	Total	Percentage of profits	Periodical Remuneration	Short term incentive	Long term incentive	Awarded shares (value is to be entered)	Total		
First: the independent members															
Abdullah Abdul Rahman Al-Bassam	112,222	5,000	15,000			132,222								132,222	
Khaled Abdul Hameed Al-Shuwaier	112,222	5,000	10,000	-	-	127,222	-	-	-	-	-	-	-	127,222	-
Sultan Khalid Al-Turki	112,222	5,000	-	-	-	117,222	-	-	-	-	-	-	-	172,222	-
Saud Al-Arifi	137,778	35,000	25,000			197,778								197,778	
Mohammed Al-Jabreen	137,778	30,000	5,000			172,778								172,778	
Fahad Kurdi	137,778	30,000	25,000			192,778								192,778	
Abdullah Suleiman Al-Hindi	137,778	35,000	40,000			212,778								212,778	
Total	887,778	145,000	120,000	-	-	1,152,778	-	-	-	-	-	-	-	1,152,778	-
Second: Non-executive members															
Fahad Abdul Rahman Al-Turki	113,333	5,000	5,000	-	-	123,333	-	-	-	-	-	-	-	123,333	-
Majid Abdullah Al-Sari	400,000	40,000	45,000	-	-	485,000	-	-	-	-	-	-	-	485,000	-
Abdullah Juma Al-Sari	400,000	5,000	-	-	-	405,000	-	-	-	-	-	-	-	405,000	-
Sultan Abdulaziz Al Suwaidi	400,000	40,000	35,000	-	-	475,000	-	-	-	-	-	-	-	475,000	-
Abdul Mohsen Nafez Jaber	400,000	40,000	45,000	-	-	485,000	-	-	-	-	-	-	-	485,000	-
the total	1,713,333	130,000	130,000	-	-	1,973,333	-	-	-	-	-	-	-	1,973,333	-
Third: Executive members:															
Yasser Ateq Al-Harbi		35,000	25,000			197,778								197,778	
Total	137,778	35,000	25,000	-	-	197,778	-	-	-	-	-	-	-	197,778	-
Grand total	2,738,889	310,000	275,000	-	-	3,323,889	-	-	-	-	-	-	-	3,323,889	-

#### b. Remunerations for committee members from outside the Council

	Name	Membership status	Remunerations for attending meetings	Special Remunerations	Total
Audit committee members					
1	Khaled Almokbel	Committee member	5,000		5,000
2	Ahmed Dakhil	Committee member	5,000		5,000
Investment Committee members					
1	Majid bin Abdul Mohsen Al-Sunaid	Committee member	0		0
Grand total					

\*The member has received the full amount of the Remunerations specified in the table

### c. Senior executive bonuses

Data and compensation of five senior executives, including (General Manager and Financial Director)

Senior Executive Jobs	Fixed Remunerations				Variable Remunerations						(EOSB) for the year 2022 AD	Total executive Remunerations, if any	Grand total
	Fixed salaries and Remunerations	Allowances	in-kind benefits	Total	Periodical Remunerations	Profits	Short term incentive plans	Long term incentive plans	Awarded shares	Total			
CEO	1,005,183	351,817	0	1,357,000	336,667	0	0	0	0	336,667	46,674	0	1,740,341
Managing Director	279,751	97,915		377,666	0	0	0	0	0	0	15,671		393,337
Acting Financial Director	469,345	142,576	0	611,921	0	0	0	0	0	0	40,437		652,358
Compliance Manager	468,000	252,000	0	720,000	120,000	0	0	0	0	120,000	43,030	0	883,030
Director of Internal Audit	468,429	169,647	0	638,076	0	0	0	0	0	0	23,991	0	662,067
<b>Total</b>	<b>2,690,708</b>	<b>1,013,955</b>	<b>0</b>	<b>3,704,663</b>	<b>456,667</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>456,667</b>	<b>169,803</b>	<b>0</b>	<b>4,331,133</b>

## 12. Legal requirements and restrictions imposed on the company

Central Bank of Saudi Arabia executive decisions:

the subject of the violations	The previous fiscal year		the current fiscal year	
	The number of executive decisions	The total amount of financial penalties in Saudi Riyals	The number of executive decisions	The total amount of financial penalties in Saudi Riyals
Violation of the supervisory and regulatory instructions of the Central Bank of Saudi Arabia	6	95,000	2	160,000
Violation of the instructions of the Central Bank of Saudi Arabia related to customer protection	0	0	0	0
Violation of the instructions of the Central Bank of Saudi Arabia related to due diligence in combating money laundering and terrorist financing	0	0	0	0

### Violations issued by other entities during the year:

Precautionary measures / punishment / penalty / precautionary restrictions	Reasons for the violation	The party that signed the violation	Violation amount
Notice	Non-compliance with the unified contract	Council of Health Insurance	0
Notice	Non-compliance with responding to the pre-approval request for more than 60 minutes on the National Platform for Insurance Electronic Transactions (Nafis)	Council of Health Insurance	0
Notice	The company's non-compliance with the statutory deadline for publishing the financial statements contained in the instructions for corporate announcements	Capital Markets Authority	0

### 13. Internal control

The company's board of directors is responsible for ensuring the efficiency and effectiveness of the company's internal control systems on a regular basis. The senior management represented by the managing director, the compliance department, the internal audit department, and the risk department prepare, implement, and ensure the application of internal control systems on sound and effective bases, including ensuring the compatibility of the company's systems and policies. With the statutory requirements issued by the relevant supervisory and regulatory authorities, such as the Central Bank of Saudi Arabia, the Capital Market Authority, and the Health Insurance Council.

Despite the resignation of the Audit Committee emanating from the Board of Directors during the year 2021 AD, which was in charge of monitoring the performance and application of the internal control systems in the company, ensuring the efficiency and effectiveness of the financial and accounting systems in the company, and supervising the internal audit department, compliance department, anti-money laundering and terrorist financing in the company in order to verify the extent of their efficiency and effectiveness in carrying out the tasks and tasks entrusted to them, and ensuring compliance with the application of the Companies Law, the Cooperative Insurance Companies Control Law, and other relevant rules, regulations, and instructions. However, the Board of Directors assumed these tasks until October 2022, when a new audit committee was formed.

The internal audit department in the company enjoys complete independence, as it is functionally linked directly to the Board of Directors in the absence of the Audit Committee. One of the tasks of the internal audit is to ensure the extent to which internal policies and procedures are applied in the company, and during the year 2022 AD, it conducted audits in accordance with the approved annual internal audit plan.

The internal audits included the company's activities, whether financial, administrative or operational, to verify the effectiveness of the company's internal control systems. The Internal Audit Department subsequently submitted its reports to the Board of Directors and to the Audit Committee after its appointment, on the results of the effectiveness of the company's internal control procedures and systems.

The Compliance Department is an independent department whose responsibility is to confirm compliance with the company's application of the regulations and rules in force in the Kingdom of Saudi Arabia, which include the regulations and circulars issued by the Central Bank of Saudi Arabia, the Health Insurance Council, the Capital Market Authority and other relevant regulations. The Compliance Department has submitted its periodic reports to the Board of Directors and the Audit Committee after being appointed on the results of the company's compliance with the relevant regulations and instructions.

Based on the reports submitted by the Internal Audit Department and the Compliance Department to the Board of Directors and the Audit Committee, the Board of Directors has verified that all necessary corrective measures have been taken to address deficiencies, which ensures that the observations will not be repeated in the future.

#### 14. The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the Board of Directors' opinion on the adequacy of the company's internal control system

Given that an audit committee was not formed for the company during the year 2022 AD until October of the year 2022,

It took the opinion of the Board of Directors regarding the results of the annual review of the effectiveness of the company's internal control procedures, and to confirm the effectiveness of the company's internal control, the Board of Directors considers that the tasks that were completed during the fiscal year 2022 AD are as follows:

- A. Discussing the preliminary quarterly financial statements for the first quarter of the year 2022 AD with the external auditors and the company's senior management before issuing them. The Board of Directors also raised the recommendation after studying and reviewing the financial statements to discuss and consider approving them. The Board of Directors later discussed the annual financial statements for the year 2021 AD and the preliminary quarterly financial statements for the second and third quarters of the year 2022 AD with the external auditors and the senior management of the company and approved them .
  - B. The Board of Directors studied the offers of the auditor companies and recommended the appointment of the auditor for the year ending on 12/31/2022 AD and the first quarter of the year 2023 AD.
  - C. The Board of Directors reviewed and approved the internal audit plan for the fiscal year 2022 AD.
  - D. Later, the Board of Directors supervised the Internal Audit Department and the Compliance Department, and followed up the implementation of the approved audit plan for the year 2022 AD for the two departments.
  - E. The Board of Directors discussed the internal audit reports and followed up on the implementation of the important recommendations contained in the reports of the Internal Audit Department.
  - F. The Board of Directors studied the compliance management reports that reflect the extent of the company's compliance with the statutory requirements, and followed up on the implementation of the recommendations contained in the reports.
- The Board of Directors has studied the effectiveness of the process of identifying and evaluating the important risks of the company's activity, and the company's management method for those risks.

Finally, and according to the aforementioned, the Board of Directors believes that the company has a sound and effective internal and financial control system that is appropriately designed and applied, and there is little doubt about the company's ability to continue its business and achieve its goals, and during the year 2022 there were no material observations related to with the effectiveness of the company's internal control system and procedures, with the exception of the company's inability to appoint an audit committee for the year 2022 AD, due to circumstances beyond the control of the company's board of directors and its executive management. Plans for improvement and development in the company's internal control systems are continuously being worked out and followed up by the Board of Directors.

#### 15. The company's social contributions

Al-Sagr National Insurance Company is interested in supporting the community and playing its full role in fulfilling its social responsibility, and not sparing efforts in order to develop social responsibility programs and support various social entities and issues. During the year 2022, the company carried out many initiatives, as follows:

1. Conducting an awareness lecture on breast cancer within the company, distributing awareness leaflets in cooperation with Saudi Cancer Foundation, and spreading awareness on social media.
2. Raising awareness of the mental health day through the means of communication.
3. Holding an awareness lecture on lung cancer and distributing awareness leaflets related to this day in cooperation with Saudi Cancer Foundation and spreading awareness on social media.



**16. A statement of the dates of the general meetings of shareholders held during the last fiscal year and the names of the members of the Board of Directors attending these meetings:**

Attendance Record							
S#	Name	First committee meeting 23/02/2022 AD	Second committee meeting 23/03/2022 AD	Third committee meeting 29/08/2022 AD	Fourth committee meeting 29/09/2022 AD	Fifth committee meeting 13/10/2022 AD	Total attendance
Broad of directors members							
1	Majid bin Abdullah Al-Sari	Did not attend	Did not attend	attended	attended	Attended	3
2	Abdul Mohsen bin Nafez Jaber	attended	attended	attended	attended	Attended	5
3	Abdullah bin Juma Al-Sari	Did not attend	Did not attend	Did not attend	Did not attend	Did not attend	0
4	Sultan bin Abdulaziz Al Suwaidi	attended	attended	attended	attended	Attended	5
5	Yasser bin Muhammad Al-Harbi	N/A	N/A	N/A	attended	Attended	2
6	Abdullah bin Suleiman Al-Hindi	N/A	N/A	N/A	attended	Attended	2
7	Fahd bin Talal Kurdi	N/A	N/A	N/A	attended	Attended	2
8	Muhammad bin Abdul Rahman Al-Jabreen	N/A	N/A	N/A	attended	Attended	2
9	Saud bin Saleh Al-Arifi	N/A	N/A	N/A	attended	Attended	2
Previous Broad of directors members							
1	Fahd bin Abdul Rahman Al-Turki	attended	attended	N/A	N/A	N/A	2
2	Khalid bin Abdul Hameed Al-Shuwaier	attended	attended	N/A	N/A	N/A	2
3	Abdullah bin Abdul Rahman Al-Bassam	attended	attended	N/A	N/A	N/A	2
4	Sultan bin Khalid Al-Turki	Did not attend	attended	N/A	N/A	N/A	2

Mr. Majed Al-Sari was appointed as Chairman of the Board of Directors on 18/09/2022 AD

1. Mr. Abdul Mohsen Jaber was appointed as Vice Chairman of the Board of Directors on 18 /09/2022 AD.
2. Mr. Yasser Al-Harbi was appointed as a board member on 08/29/2022 AD and appointed as Managing Director on 18/09/2022 AD.
3. Mr. Abdullah Al-Hindi was appointed as a member of the Board of Directors on 29/08/2022 AD.

4. Mr. Fahd Kurdi was appointed as a member of the Board of Directors on 29/08/2022 AD.
5. Mr. Muhammad Al-Jibreen was appointed as a member of the Board of Directors on 29/08/2022 AD.
6. Mr. Saud Al-Arifi was appointed as a member of the Board of Directors on 29/08/2022 AD.
7. Mr. Fahd Al-Turki resigned from the council and committees on 13/04/2022 AD
8. Mr. Khaled Al-Shuwaier resigned from the council and committees on 12/04/2022 AD
9. Mr. Abdullah Al-Bassam resigned from the council and committees on 12/04/2022 AD
10. Mr. Khaled Al-Turki resigned from the council and committees on 04/12/2022 AD

## 17. Risk Management

Risk management in the company is represented in a set of policies, procedures and means, which uses the organizational structure to achieve the strategic objectives of the company. The company is exposed to many risks, and the company's risk management philosophy is not only the identification and evaluation of risks and ways to avoid them, but also the art of managing them. By accepting the risks defined in the Acceptable Risk Profile "Risk Limit Profile" which is part of the risk management framework approved by the Board of Directors.

Here is an overview of the risks faced by the company:

### Strategic Risks:

The management of these risks is represented in reconciling the strategic objectives, developing plans and incentives, and allocating resources to achieve those objectives. Among the risks that are classified within the strategic risks with financial dimensions in the "Acceptable Risk Profile" are the percentage of return on equity and financial solvency. There are measures that represent the approved risk limits in the "Acceptable Risk Profile" Risk Limit Profile, which is included in the quarterly reports that are prepared and reported.

### Insurance Risks:

Insurance risks (underwriting, claims handling and reinsurance risks) are those risks included in the insurance contract and the possibility of the occurrence of the insured event with uncertainty about the value resulting from the claim. In other words, it is the occurrence of an event with uncertainty of the size and time of the resulting claim from that event. The main risk in this context of any insurance contract is the actual claims and benefits paid that exceed the book value of the insurance liabilities. This is subject to frequency and severity of claims, actual benefits and subsequent development of long-term claims.

The IT Department also performs a disaster recovery test twice a year to ensure business continuity when any malfunction occurs to the company's systems.

### Liquidity Risks:

Liquidity risk is the Company's difficulty in raising sufficient funds on a timely basis to meet commitments and obligations relating to financial liabilities. The liquidity gap arises as a result of the maturity gap between (assets) and (liabilities) in the short term, in other words, it arises as a result of the mismatch between the maturity dates of assets and liabilities. Liquidity risks also arise as a result of the inability to liquidate assets in a timely manner with the possibility of a loss in the value of the asset. All these risks limit the company's ability to provide the necessary liquidity to fulfill the company's commitments and obligations. The company monitors liquidity requirements on a regular basis, to ensure that sufficient liquidity is available to meet any commitments as they arise. The company maintains liquid and semi-liquid assets and short-term investments in order to meet any liquidity requirements. The Risk Management Department monitors and reports liquidity indicators in its periodic reports, which are included in the company's " Acceptable Risk Profile ".

Because of the diversity of these risks resulting from the diversity of the type of contracts; Relatively distributing these risks within the insurance portfolio plays a key role in reducing the amount of vulnerability to the size of the total insurance portfolio. The careful selection of underwriting strategy and the use of reinsurance arrangements also plays a key role in managing insurance risks. The company has defined controls and procedures in this with the support of the appointed consultant. It is monitored and reported on those risks represented in the percentage of loss at the level of the portfolio and claims and the percentage of retention, which are mentioned within the risk limits and included in the "Acceptable Risk Profile" and approved by the Board of Directors of the company.

The transfer of risks plays a key role in reducing insurance risks through reinsurance operations, as the company reinsures with reputable parties with great financial solvency and a high global rating in order to reduce potential financial losses that may arise from insurance claims. These arrangements secure the protection of the company from the risks that it may be exposed to through its participation with the selected reinsurers, and also provide the company with additional capabilities to increase its business.

The company also evaluates the financial position of reinsurance companies through what is published and circulated by international assessment bodies to take the necessary measures before the occurrence of damage when necessary, noting that the assigned reinsurance agreements do not exempt the company from its obligations towards policyholders. As a result, the company remains committed to the policyholders with its share of the claims under the "reinsured" settlement and the rate agreed upon with the reinsurance company.

#### Credit Risks:

Credit risk is the inability of one party to meet its obligations in respect of a financial instrument, which leads to the other party incurring a financial loss. The company seeks to reduce credit risks relating to dealing with agents and brokers by setting limits on credit and monitoring non-paying receivables, as there are limits for overdue receivables within the limits of credit risks, which fall within the "Acceptable Risk Profile" approved by the Board of Directors. The company also took the initiative to transfer the collection risk to external specialized companies. The company has a subscription to the services of the Saudi Credit Bureau "SIMAH". With regard to credit risks resulting from term deposits and current

#### HR Risks:

The human resources risks are represented in the speed of job turnover and the lack of the element of qualification, expertise and skills necessary for human cadres, as well as avoiding the existence of job vacancies within a specific time range for leadership positions, so within the company's continuous efforts to upgrade the human element, it makes unremitting efforts aimed at developing human resources and attracting national experts and talents. All of this is accompanied by plans for job replacement, training and rehabilitation.

#### Operational Risks:

The company's risk management has started to apply operational risk classification according to "Basel 2 and 3" to improve the follow-up and monitoring mechanism. The operational risks facing the company are represented in the risks of direct and indirect loss that may result from multiple causes or errors and are related to the technologies, systems, personnel, operational processes and others used in the company and its infrastructure. In addition to other external factors such as customer risks other than liquidity and credit risks, so operational risks result from all of the company's operations. The company's management is responsible for developing and implementing operational risk controls, such as activating the role of the "Risk Champions Team" to closely monitor risks. These include following up on contingency plans and business continuity, monitoring internal and external fraud operations, complying with other legal and regulatory requirements, documenting controls and procedures, business standards and professional ethics.

The company's management is making efforts to ensure and support the availability of adequate training and experience for the company's personnel, and to encourage effective communication in everything related to operational risks.

#### Sales Risks:

The company's sales risks are represented in the deviation of sales levels according to the set goals, due to several external and internal factors, the most important of which are (the size of competitors, price wars or reputational risks, incompatibility of drawn plans with strategic objectives and other factors). Therefore, the company's management seeks to provide support and assistance, and to allocate resources to work to achieve the planned goals, and to develop the

accounts, the company deals with local banks with a high financial and credit position. The company is developing an analysis of the level of risk exposure with each bank separately. This also includes the company's investments with investment companies with a high investment and credit rating. It falls to the investment committee of the company to set the necessary forecasts and analyzes in this regard.

#### IT & Cyber Security Risks:

Information technology plays an important role in the process of creating value and integrating the activities of business functions in the company due to the expansion of operations and the volume of activity. The company pays great attention to the development of technical systems while raising the levels of security and protection, especially customer data.

The company takes into account the important and vital role of technical systems, especially with the expansion of the company's activity, including branches and outlets, and that technical risks represent high risks that any sector may be exposed to for several reasons, including human errors and technical malfunctions, and the company is working on developing information security (Cybersecurity) "where cybersecurity risks are considered one of the most important emerging risks" within the framework of the work of the Cybersecurity Department, which is independent of the IT Department, in accordance with the requirements of Saudi Central Bank. It is worth noting that the company has formed a committee approved by the Board of Directors to ensure the effectiveness, implementation and monitoring of plans and cybersecurity solutions, including spreading awareness and guidance in periodic ways and determining the budget for information security.

necessary solutions and rectification. The report is monitored and the level of this deviation in sales is reported as one of the risks included in the company's "Acceptable Risk Profile".

#### Legal and Statutory Risks:

The company seeks to reduce legal and statutory risks by emphasizing on the internal departments in the company to adhere to all legislation, rules and regulations issued by the concerned entities, therefore the company sets written preventive and corrective policies and procedures and confirms their effectiveness in order to avoid any legal or statutory penalties resulting from the type of violation.

#### Regulatory Non-compliance Risks:

Non-compliance with the rules and regulations issued by the supervisory and regulatory authorities such as the Saudi Central Bank, Capital Markets Authority, and the Health Insurance Council, is one of the risks that may result in many penalties, such as financial and non-financial penalties, which will reflect negatively on the reputation and profitability of the company. Therefore, the company seeks to enhance its efforts in this regard by updating its internal policies and regulations for its transactions to ensure their compatibility with the laws and regulations issued by the regulatory or legislative authorities.

## 18. Financial Performance:

Summary of financial position statement, the following table shows a comparison of the company's assets and liabilities in the past five years:

Financial Position Statement		(Thousands of Riyals)				
		2022	2021	2020	2019	2018
Insurance Operations Assets		486,373	490,329	462,215	581,235	493,017
Deduct (exclude joint operations)		(71,678)	(95,156)	(103,499)	(57,480)	(9,315)
Total Insurance Operations Assets		414,695	395,173	358,716	523,755	483,702
Shareholder Assets:						
Investments, Time Deposits, Cash and the like		198,906	287,256	373,354	429,637	423,082
Statutory Deposit		21,000	40,000	40,000	40,000	40,000
Other Assets		31,540	31,353	31,633	36,200	36,594
Deduct (exclude joint operations)		0	0	0	0	(4,235)
Total Shareholder Assets		251,446	358,609	444,987	505,837	495,441
Total Assets		666,141	753,782	803,703	1,029,592	979,143
Liabilities:						
Liabilities arising from insurance contracts:						
Total Unearned Insurance Premiums		247,419	246,505	171,429	230,734	182,880
Total Claims Pending Settlement		53,992	73,836	106,553	169,692	143,330
Unreported Incurred Claims		48,874	57,758	76,121	63,181	39,134
Other Technical Reserves		30,263	21,344	20,154	19,360	28,337
Other Liabilities		87,339	71,709	49,808	52,536	52,532
Accumulated Insurance Surplus		18,486	19,177	35,219	44,433	45,808
Deduct (exclude joint operations)		0	0	0	0	(4,235)
Total Liabilities arising from insurance contracts:		486,373	490,329	459,285	487,786	379,039
Liabilities to Shareholder Operations:						
Due Zakat		42,654	42,652	46,858	42,271	59,325

Other Liabilities	78,467	102,680	114,425	16,507	26,845
Deduct (exclude joint operations)	(71,678)	(95,456)	(103,500)	(9,315)	(19,610)
Total Liabilities to Shareholder Operations:	49,443	50,176	57,783	49,463	66,560
Total Liabilities	535,817	540,505	517,068	537,249	445,599
Shareholders Equity:					
Capital	140,000	400,000	400,000	400,000	250,000
Statutory Reserve	0	0	0	47,342	78,342
Retained Profits	(10,539)	(197,043)	(122,870)	(9,173)	138,369
Investment Fair Value Reserve	(4,061)	6,945	8,058	3,164	807
Reserve for remeasurement of defined benefit obligations	4,925	3,375	1,448	562	1,676
Total Shareholders Equity	130,325	213,277	286,635	441,894	469,195
Total Liabilities & Shareholders Equity	666,141	753,782	803,703	979,143	914,794

#### Summary of business results in the last five years:

(Thousands of Riyals)

Insurance Operations Income Statement	2022	2021	2020	2019	2018
Total Written Insurance Premiums	475,264	438,300	379,114	455,703	350,379
Net Written Insurance Premiums	409,761	372,983	314,168	386,234	306,471
Variations in Unearned Insurance Premiums	(914)	(75,076)	59,305	(47,854)	(39,534)
Variations In Additional Insurance Premium Reserves	580	8,543	3,849	2,248	1,272
Net Unearned Insurance Premiums	409,427	306,450	377,322	340,629	268,209
Reinsurance Commission Income	6,614	4,628	6,315	4,769	5,311
Total Income	416,040	311,078	383,637	345,398	273,520
Subscription Costs and Expenses					
Total Paid Claims	(389,825)	(373,258)	(495,300)	(315,174)	(193,377)
Other Expenses	(26,436)	(20,704)	(17,036)	(15,015)	(11,386)



Reinsurers' Share of Total Paid Claims	23,072	16,772	85,390	32,815	16,139
Net Paid Claims	(393,189)	(377,190)	(426,946)	(297,374)	(188,624)
Variations in Pending Settlement Claims, Net Value	1,272	54,865	5,152	(26,908)	1,394
Net Incurred Claims	(391,917)	(322,325)	(421,794)	(324,283)	(187,229)
Costs of Insurance Policies Subscription and Other Subscription Fees	(45,814)	(31,391)	(33,759)	(23,538)	(47,069)
<b>Total Subscription Costs and Fees</b>	<b>(437,730)</b>	<b>(353,715)</b>	<b>(455,552)</b>	<b>(347,821)</b>	<b>(234,298)</b>
<b>Net Subscription Results</b>	<b>(21,690)</b>	<b>(42,637)</b>	<b>(71,915)</b>	<b>(2,423)</b>	<b>39,221</b>
<b>Other Operating (Expenses)/Income</b>					
General And Administrative Expenses	(80,877)	(75,486)	(69,679)	(58,468)	(60,169)
Reversed Entry (Reserve) For Bad Debts	1,028	(3,209)	(83)	(9,848)	(896)
Investment Income	13,267	30,257	21,087	28,608	20,251
<b>Total Annual Income Before Zakat</b>	<b>(68,896)</b>	<b>(72,701)</b>	<b>(105,979)</b>	<b>(39,861)</b>	<b>818</b>
Zakat Reserve	(4,600)	(1,770)	(6,500)	(8,400)	(10,610)
<b>Total Annual Income Returned on Shareholders</b>	<b>(73,496)</b>	<b>(74,471)</b>	<b>(112,479)</b>	<b>(48,261)</b>	<b>(9,792)</b>

## 19. Geographical Analysis of the company's Total Income for the year 2022

Region	Total Written Insurance Premiums (Thousands of Riyals)
Central Region	75,807
Eastern Region	337,989
Western Region	61,468
<b>Total</b>	<b>475,264</b>

Statement	2022	2021	2020	2019	2018
Assets - insurance operations	414,695	395,173	358,716	523,755	483,702
Assets - shareholder operations	251,446	358,609	444,987	505,837	495,441
<b>Total assets</b>	<b>666,141</b>	<b>753,782</b>	<b>803,703</b>	<b>1,029,592</b>	<b>979,143</b>

Comparison of Assets and Liabilities For The Last Five Years 2018-2022 (Thousands Of Saudi Riyals)

Liabilities and surpluses - insurance operations	486,373	490,329	459,285	579,936	487,786
Liabilities - shareholder operations	49,443	50,176	57,783	54,208	49,463
Total liabilities	535,817	540,505	517,068	634,144	537,249
Total shareholder equity	130,325	213,277	286,635	395,448	441,894
Total liabilities and shareholders' equity	666,141	753,782	803,703	1,029,592	979,143

## 20. Explanations of the material differences in the operating results for the year 2022 AD compared to the year 2021 AD

million riyals	2022	2021	2020	2019	2018
Gross written insurance premiums	475	438	379	456	350

- Gross Written Premiums (GWP) during the year 2022 AD amounted to 475 million riyals, compared to 438 million riyals for the previous year, which represents an increase of 8.44%.
- The company's capital of 400 million riyals has been reduced to 140 million to cover the accumulated losses.
- The company witnessed the continuation of some internal administrative and organizational transformations during the year, especially with regard to the management of medical underwriting and in some departments and departments, which affected the financial performance therein, as shown in the figures.
- An explanation of any material differences in the operating results from the previous year or any expectations announced by the company, and the following represents a summary of the most important material differences in the operating results for the year 2022 compared to the year 2021:
  - Total revenues increased in 2022 by 33.6% from 306 million in 2021 to 409 million by the end of 2022, an increase of 103 million riyals
  - Net claims incurred during the year 2022 amounted to 393 million riyals, compared to 377 million riyals for the previous year, representing an increase of 12%.
  - The net underwriting results for the year 2022 amounted to a deficit of 22 million riyals, compared to a deficit of 43 million riyals for the previous year, and this is mainly due to a decrease in medical claims.
  - Net investment profits during the year 2022 amounted to 13 million riyals, compared to 30 million riyals for the previous year, and this represents a decrease of approximately 56.6%.
  - The net loss before deducting the zakat provision for the year 2022 amounted to 69 million riyals, compared to a loss of 73 million riyals in the previous year.
  - The comprehensive net loss during the year 2022 amounted to 83 million riyals, compared to 75 million riyals for the previous year.
  - The loss per share for the year 2022 amounted to 5.25 riyals per share (for the year 2021: a loss of 5.32 riyals per share)

## 21. The accounting standards used for the financial statements

The company prepares its financial statements and they are reviewed by the company's auditors in accordance with the International Accounting Standards for Financial Institutions and the financial reporting standards issued by the International Accounting Standards Board, as amended by the Central Bank of Saudi Arabia for accounting for zakat and income tax. The company confirms that there are no material differences or financial impact on the financial statements as a result of preparing them in accordance with international standards compared to those issued by the Saudi Organization for Certified Public Accountants.

### 1 New standards, amendments and interpretations that the company has not yet applied

The Company has elected not to early adopt the following new standards, interpretations and amendments to existing standards that have been issued but are not currently effective and is

currently assessing their impact.

## - International Financial Reporting Standard No. (17) - Insurance Contracts

### Overview

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early application permitted. The company expects to apply IFRS 17 first on that date. IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features.

## -International Financial Reporting Standard 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. However, the Company has met the relevant criteria and applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023 consequently; the Company will apply IFRS 9 for the first time on January 1, 2023.

a. Overall effect on total shareholders' equity when switching to IFRS 17 and IFRS 9

The company estimates that when applying IFRS 17 and IFRS 9, the impact of these changes (before zakat) is a decrease in the total equity of the company by SAR 46.8 million as of January 1, 2022.

	January 1, 2022
<b>Estimated increase (decrease) in the company's total equity when moving to:</b>	
International Financial Reporting Standard 17	(46,760,846)
International Financial Reporting Standard 9	(18,410)
<b>The estimated effect of applying IFRS 17 before Zakat</b>	<b>(46,779,256)</b>

## 22. A description of the company's policy for the distribution of dividends

- Articles forty-five and forty-six of the company's articles of association stipulate the distribution of profits as follows:
- (20%) of the net profits shall be set aside to be the company's statutory reserve. The Ordinary General Assembly may decide to stop this set aside when the aforementioned reserve reaches (100%) of the paid-up capital.
- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a certain percentage of the net profits to form an agreement reserve to be allocated to support the financial position of the company.
- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interest of the company or guarantees the distribution of fixed profits as much as possible to the shareholders.
- Avoid zakat and income tax prescribed.

The shareholder is also entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision indicates the date of entitlement and the date of distribution. The eligibility for profits shall be for the shareholder registered in the shareholder register at the end of the day specified for the entitlement. The company shall notify the Capital Market Authority - without delay - of any decision to distribute profits or a recommendation thereof, and the profits to be distributed shall be paid to the shareholders at the place and times determined by the Board of Directors in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Central Bank of Saudi Arabia.

**23. A description of any interest, contractual securities and subscription rights belonging to the members of the Board of Directors of the company, senior executives and their relatives in the shares or debt instruments of the company, and any change in that interest or those rights during the last fiscal year.**

A description of any interest, contractual securities, and subscription rights belonging to members of the company's board of directors and their relatives in the company's shares or debt instruments

Serial Number	The name of the interested party	The beginning of the year		The end of the year		Net change	Change percentage
		Number of Shares	Debt tools	Number of Shares	Debt tools		
(1)	Mr. Fahd bin Abdul Rahman Al-Turki	2,000,160	-	437,660	-	-1,562,500	-78.1%
(2)	Al-Sagr National Insurance Company, represented by Mr. Majid bin Abdullah Al Sirri	10,400,000	-	10,400,000	-	-	0.0%
(3)	Al- Sagr National Insurance Company, represented by Mr. Abdullah Juma Al-Sari	10,400,000	-	10,400,000	-	-	0.0%
(4)	Al- Sagr National Insurance Company, represented by Mr. Sultan bin Abdulaziz Al Suwaidi	10,400,000	-	10,400,000	-	-	0.0%
(5)	Al- Sagr National Insurance Company, represented by Mr. Abdul Mohsen bin Nafez Jaber	10,400,000	-	10,400,000	-	-	0.0%
(6)	Mr. Khalid bin Abdul Hameed Al-Shuwaier	-	-	-	-	-	0.0%
(7)	Mr. Yasser Bin Abdulaziz Al-Qadi	-	-	-	-	-	0.0%
(8)	Mr. Abdullah bin Abdul Rahman Al-Bassam	-	-	-	-	-	0.0%
(9)	Mr. Sultan bin Khalid Al-Turki	90	-	10	-	-80	-88.8%

A description of any interest, contractual securities, and subscription rights belonging to senior executives and their relatives in the company's shares or debt tools

Serial Number	The name of the interested party	The beginning of the year		The end of the year		Net change	Change percentage
		Number of Shares	Debt tools	Number of Shares	Debt tools		
(1)	Saran bin Maneh Abu Saq	-	-	-	-	-	0.0%
(2)	Shafeeq Mansour Al-Romaih	-	-	-	-	-	0.0%
(3)	Imad Mahdi Muhammad Awani	19	-	19	-	-	0.0%

24. The number of Board of Directors meetings held during the last fiscal year, their dates, and the attendance record of each meeting showing the names of those present:

Sequence	Member's name	Membership classification	Job position	number of meetings								Total
				First meeting 16/3/2022	Second meeting 1/9/2022	Private meeting (1) 6/9/2022	Private meeting (2) 20/9/2022	Third meeting 10/10/2022	Private meeting (3) 10/10/2022	Private meeting (4) 1/11/2022	Fourth meeting 21/12/2022	
1	Mr. Majid bin Abdullah Al-Sari 1	Non-executive	Chairman of Board of Directors	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
2	Mr. Abdul Mohsen bin Nafez Jaber 2	Non-executive	Deputy Chairman of the Board	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
3	Mr. Abdullah bin Juma Al-Sari	Non-executive	Member of the Board of Directors	Didn't attend	Didn't attend	Didn't attend	Didn't attend	Didn't attend	Didn't attend	Didn't attend	Attended	1
4	Mr. Sultan bin Abdulaziz Al-Suwaidi	Non-executive	Member of the Board of Directors	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
5	Professor / Yasser bin Muhammad Al-Harbi 3	Executive	Member of the Board of Directors	Not applicable	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
6	Mr. Abdullah bin Suleiman Al-Hindi 4	Independent	Member of the Board of Directors	Not applicable	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
7	Mr. Fahd bin Talal Kurdi 5	Independent	Member of the Board of Directors	Not applicable	Attended	Attended	Attended	Attended	Attended	Didn't attend	Attended	6
8	Mr. Muhammad bin Abdul Rahman Al-Jabreen 6	Independent	Member of the Board of Directors	Not applicable	Attended	Attended	Didn't attend	Attended	Attended	Attended	Attended	6
9	Mr. Saud bin Saleh Al-Arifi 7	Independent	Member of the Board of Directors	Not applicable	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
Former members of the Board of Directors												
1	Mr. Fahd bin Abdul Rahman Al-Turki 8	Non-executive	Chairman of Board of Directors	Attended	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	0
2	Mr. Khaled bin Abdul Hameed Al-Shuwaier 9	Independent	Member of the Board of Directors	Attended	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1
3	Mr. Abdullah Abdul Rahman Al-Bassam10	Independent	Member of the Board of Directors	Attended	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1
4	Mr. Sultan bin Khalid Al-Turki11	Independent	Member of the Board of Directors	Didn't attend	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1

- Mr. Majed Al-Sari was appointed as Chairman of the Board of Directors on 09/18/2022 AD.
- Mr. Abdul Mohsen Jaber was appointed as Vice Chairman of the Board of Directors on 09/18/2022 AD.
- Mr. Yasser Al-Harbi was appointed as a board member on 08/29/2022 AD and appointed as Managing Director on 09/18/2022 AD.
- Mr. Abdullah Al-Hindi was appointed as a member of the Board of Directors on 08/29/2022 AD.
- Mr. Fahd Kurdi was appointed as a member of the Board of Directors on 08/29/2022 AD.
- Mr. Muhammad Al-Jibreen was appointed as a member of the Board of Directors on 08/29/2022 AD.
- Mr. Saud Al-Arifi was appointed as a member of the Board of Directors on 08/29/2022 AD.
- Professor Fahd Al-Turki resigned from the council and committees on 04/13/2022 AD
- Mr. Khaled Al-Shuwaier resigned from the council and committees on 04/12/2022 AD
- Mr. Abdullah Al-Bassam resigned from the council and committees on 04/12/2022 AD
- Professor Khaled Al-Turki resigned from the council and committees on 04/12/2022 AD

25. The number of the company's requests for the register of shareholders, the dates and reasons for those requests.

The number of the company's requests for the register of shareholders	Date of request	Reasons for the request
1	22/11/2022	Checking the percentage of shares after reducing the capital
2	06/11/2022	for the purpose of merging
3	13/10/2022	General Assembly
4	27/09/2022	General Assembly
5	24/08/2022	General Assembly
6	23/06/2022	Ensure the percentage of ownership of the shareholders who requested the holding of a general assembly
7	19/06/2022	Ensure the number of shares of candidates for membership of the Board of Directors
8	11/05/2022	Ensure ownership of shareholders who requested a general assembly
9	22/03/2022	Preparing the Board of Directors report
10	22/03/2022	General Assembly
11	21/02/2022	General Assembly

26. Transactions with the relevant authorities and their balances, and information related to any business in which the company is a party or was in the interest of a member of the company's board of directors or its senior executives or any person related to any of them.

The related party / the party dealing with it	The nature of the relationship/relationship with the company	The nature of the transaction/contract	Duration	Terms of contract/work	The amount of the transaction (thousands of riyals) during the period from 1/1/2022 AD to 31/12/2022 AD
Mr. Fahad Al-Turki Abdul Rahman Ali Al-Turki Group of Companies	Chairman of Board of Directors	Written insurance premiums	1 Year	According to the document approved by the regulatory authorities, without preferential benefits.	997
		Claims incurred		According to the document approved by the regulatory authorities, without preferential benefits.	(100)
		Office rent expense		without preferential benefits	(335)
Mr. Abdullah Abdul Rahman Al-Bassam Al Bassam Group of Companies	Member of the Board of Directors	Written insurance premiums	1 Year	According to the document approved by the regulatory authorities, without preferential benefits.	128
		Claims incurred		According to the document approved by the regulatory authorities, without preferential benefits.	(12)

Mr. Abdullah Al-Sery Mr. Majed Abdullah Al-Sery Mr. / Abdul Mohsen Jaber Al-Sagr National Insurance Company	Members of the Board of Directors	Assigned reinsurance premiums	1 Year	According to the document approved by the regulatory authorities, without preferential benefits.	(4)
		Reinsurers share of claims paid		According to the document approved by the regulatory authorities, without preferential benefits.	243
		Reinsurance commission income		According to the document approved by the regulatory authorities, without preferential benefits.	15
		Claims incurred		According to the document approved by the regulatory authorities, without preferential benefits.	-
		Other administrative expenses		According to the document approved by the regulatory authorities, without preferential benefits.	9

\* Transactions with the relevant authorities are renewed annually through the General Assembly.

### 27. A statement of any arrangements or agreement under which a member of the Board of Directors of the company or a senior executive waived any remuneration:

There are no arrangements or agreements under which a member of the company's board of directors or a senior executive waived any remuneration.

### 28. A statement of any arrangements or agreement under which a shareholder of the company waives any rights to profits:

There are no arrangements or agreements under which one of the company's shareholders waived any rights to profits.

### 29. A statement of the value of regular payments

The following table shows a statement of the value of the company's statutory payments for the year 2022, which were paid in the same year, taking into account that any amounts not paid by the end of the year 2022 will be paid "God willing" during the year 2023.

Payments type	Payments due until the end of 2022 AD that have been paid	(SR thousands)	
		Payments due at the end of 2022, which will be paid during 2023	
Social Security	4,947	396	
Zakat, tax and income	4,599	42,653	
Supervision and oversight costs of the central bank	2,378	1,544	
Fees of the Cooperative Health Insurance Council	2,450	544	

### 30. Approvals of external auditors

The General Assembly, which was held on 09/29/2022, agreed to select the external auditors nominated by the Board of Directors, to review the company's accounts for the fiscal year 2022 and the quarterly statements, and to determine their fees, as follows:

- Al-Kharashi & Partners Certified Public Accountants and Auditors
- PricewaterhouseCoopers



**31. In the event that the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report must contain that, with a statement of the reasons for recommending the change.**

Al-Sagr Insurance Company acknowledges that its Board of Directors did not issue any recommendation to change the external auditor before the end of the period for which he was appointed.

**32. If the auditor's report includes reservations about the annual financial statements, the report of the Board of Directors must clarify those reservations, their reasons and any information related to them.**

Material uncertainty related to going concern

Attention was drawn to Note No. 1 of the attached financial statements, which indicates that the company has incurred a total loss for the year ending on December 31, 2022 attributable to the shareholders in the amount of SAR 73.5 million, and the net operating cash outflows were SAR72.3 million, and the net cash outflows were SAR 65.3 million for the year then ending. Moreover, as of December 31, 2022, the company's solvency margin remained at 72.6% below the minimum solvency requirement as stipulated by the Central Bank of Saudi Arabia ("SAMA"). The company received a letter from the Central Bank of Saudi Arabia ("SAMA") dated December 7, 2022 requesting the company to submit correction procedures in accordance with Article 68 of the Implementing Regulations for Cooperative Insurance. Companies' supervision law and its regulations. The company has submitted its planned rectification actions to the Saudi Arabian Monetary Agency, along with an expected timeline for when the solvency margin is expected to be in line with the regulations. The Company's ability to improve its financial performance and meet minimum solvency margin requirements depends on the positive outcome and achievement of the Company's planned measures and procedures detailed in Note 1. Further, after the year ending December 31, 2022, the Company signed a merger agreement with Gulf Union Al Ahlia Cooperative Insurance Company on March 22, 2023 which is subject to the approval of the regulators and shareholders of both Gulf Union Al Ahlia Cooperative Insurance Company and the Company. The company intends to continue to conduct business as usual until the merger is complete. These events and conditions, together with other matters described in Note 1 to the accompanying financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The loss for the year is mainly due to the net underwriting position and loss ratio of the automotive sector. The management has prepared a detailed business plan and is taking various measures to improve performance which include, among others, better pricing strategies for the automotive and medical business segments, diversification of the insurance portfolio and improvement of controls over claims processing. However, management's assessment and awareness of the planned measures and actions identified in the business plan depends on a number of factors, estimates and assumptions including the achievement of the expected improvement in the loss ratio in the automotive sector. The planned rectification actions proposed by the company include, among others, improving the recoverability of premium receivable balances, implementing better investment strategies, improving underwriting policies and processes, reducing general and administrative expenses and improving claims management processes. The ability to meet the solvency margin requirements depends on the positive outcome of the planned correction measures. On December 19, 2021, the Board of Directors of the Company decided to start preliminary discussions with Union Gulf National Cooperative Insurance Company to explore the possibility of merging the two companies. Subsequent to the year ending December 31, 2022, the Company signed a non-binding Memorandum of Understanding with Al-Ahlia Gulf Union for Cooperative Insurance, on September 19, 2022, to evaluate a potential merger between Al-Ahlia Gulf Union for Cooperative Insurance and the Company. The company signed a merger agreement with Al-Ahlia Gulf Union for Cooperative Insurance on March 22, 2023, which is subject to the approval of the regulatory authorities and shareholders of both Al-Ahlia Gulf Union for Cooperative Insurance and the company, according to the terms of the merger agreement: The company shall be merged with Al Ahlia Gulf Union for Cooperative Insurance and all its rights, obligations, assets and liabilities will be transferred to Al Ahlia Gulf Union for Cooperative Insurance by law as of the effective date of the merger; Al Ahlia Gulf Union for Cooperative Insurance will issue 1.15 shares in Al Ahlia Gulf Union for Cooperative Insurance for every single share in the company to the company's shareholders, and all existing shares in the company will be canceled as of the effective date of the merger. This will result in the issuance of 16,124,317 new ordinary shares by Union Gulf Ahlia Cooperative Insurance Company with a par value of SAR 10 per share. Al Ahlia Gulf Union for Cooperative Insurance will issue these new shares by increasing its capital from SAR 458,949,280 to SAR 620,192,450. The company intends to continue to conduct business as usual until the merger is complete.

33. Recommendations of the audit committee that conflict with the decisions of the Board of Directors, or which the Board refused to take into consideration regarding the appointment of the company's auditor, dismissing him, determining his fees, evaluating his performance, or appointing the internal auditor, and the justifications for those recommendations, and the reasons for not taking them into account.

Not applicable

34. Disclosure of details of the treasury shares held by the company and details of the uses of these shares.

Number of treasury shares held by the company	Value	Date of Retention	Details of their use
None	None	None	None

35. A description of any interest in the class of voting shares belonging to persons (other than members of the company's board of directors, senior executives and their relatives) who informed the company of those rights under Article (45) of the registration and listing rules, and any change in those rights during the fiscal year 2022

There have been no changes in the percentage of ownership of the major shareholders who own 5% or more that require the shareholders to inform the company or the Authority of this.

### 36. Endorsements and affirmations

#### Endorsements

The following are declarations made by Al-Sagr Cooperative Insurance Company:

- The company acknowledges that it did not obtain any loans (whether payable on demand or otherwise) during the year 2022.
- The company acknowledges that it has not made any investments or created any reserves for employee benefits.
- The company acknowledges that it has not issued or granted any convertible debt instruments, contractual securities, subscription rights notes or similar rights during the fiscal year 2022.
- The company acknowledges that it has not issued or granted any conversion or subscription rights under debt instruments convertible into shares, option rights, subscription right notes or similar rights.
- The company acknowledges that it has not recovered, purchased or canceled any redeemable debt instruments.

#### Affirmations

The Board of Directors confirms to the shareholders and other related parties, to the best of its full knowledge and in all material respects, the following:

- That the account records have been properly prepared.
- The internal control system was prepared on sound foundations and implemented effectively.
- There is no doubt about the company's ability to continue its activities
- There is no doubt about the company's ability to continue its activities



٥٢٤٥ شارع الملك خالد - حي الأمير محمد بن سعود الدمام ٣٢٢٤١ - ٨١١٣ المملكة العربية السعودية  
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