

**Annual Report**

**The Board of Directors of Amana Cooperative Insurance**

**Company for 2020**

The Board of Directors of Amana Cooperative Insurance Company is pleased to present to the shareholders its annual report including the most important plans, decisions, operating activities, financial results and disclosures according to laws and regulations, and attached to it the audited financial statements and clarifications for the fiscal year ending on 31/12/2020.

**First: Company Profile:**

Amana Cooperative Insurance Company (Amana) is a public Saudi joint stock company established under Council of Ministers of Saudi Arabia No. 188 dated 06/08/1430H corresponding 06/01/2009G and Royal Decree No. M / 35 issued on 06/10/1430H corresponding 06/03/2009G to approve the establishment of the company in accordance with the Companies Law issued by Royal Decree No. M / 6 dated 03/22/1385H, and the Cooperative Insurance Companies Control Regulations issued by Royal Decree No. M / 32 dated 06/02/1424H and its implementing regulations issued by Ministerial Resolution No. 1/596 dated 03/01/1425H. The company was founded by a number of leading companies in the region, in addition to a group of major investors.

**A) Company Activity:**

The company offers a wide range of insurance solutions designed to the special needs of corporate and individual clients, as Amana portfolio provides a variety of products that cover health insurance, motor insurance, property insurance, marine insurance, engineering insurance and miscellaneous liabilities and accidents insurance and falls under each type of these insurances. Many specialized documents that cover the activities of various business sectors such as industries, trade and service sectors.

**B) Company Vision:**

To be one of the best leading companies in the Kingdom in the field of providing cooperative insurance services by providing products compatible with customer requirements and providing the best services to them.

**C) Company message:**

Providing insurance products and services in high quality to its customers in accordance with the latest approved international standards, providing them with confidence and added value, and establishing close and long-term relationships with them in all parts of the Kingdom.

**D) Company Strategy:**

The company's strategy is based on growing its business steadily and sustainably in the long term through effective action plans to successfully manage the company's business by achieving its various objectives towards the targeted sectors in order to be able to provide an integrated set of insurance products and services that are compatible with the needs and requirements of clients and provide safety and protection for their business through Effective risk management and to reach the highest risk management and protection of its customers, in addition to its endeavor to obtain a high credit rating to ensure the highest levels of current and future financial solvency of the company.

The company's strategy also aims to develop a balanced insurance portfolio compatible with the provisions of Islamic Shari'a of types of health and general insurance, serving the needs and requirements of the company's clients from various sectors and specialties through its regional administrations in the central,

western and eastern regions, in addition to strengthening its relationships with insurance brokers and agents in the market Insurance.

**E) Products Development:**

The company is working to increase the volume of written insurance premiums through the permanent development of its products through cooperation and coordination between the marketing and sales departments and the various technical departments, taking into consideration the requirements of the Saudi insurance market and its variables and the relevant regulatory laws, in order to meet the individuals and institutions customer's needs. In this regard, we would like to note that a product committee was formed, which reported to the risk committee, in order to develop products in line with the requirements of the Central Bank of Saudi Arabia. Controls for insurance products issued in December 2020 AD, which review and evaluate all products and develop them if the needed, as well as introduce new products.

**Second: Market View:**

**Future expectations:**

The Saudi insurance sector is witnessing structural changes which reflect in regulatory, economic, investment and social factors that will raise the volume of challenges in this sector and will face in the next stage. The company has drawn action plans for all departments in order to adapt these changes with great emphasis on the importance of qualified Saudi human cadres supported by steady investment. In a technological and informational work environment.

**Third: Company Performance:**

**A) The Most Important Developments:**

- Updating the future strategic plan of Amana (this included an assessment of the current situation of Amana company in light of the data of the Saudi insurance market, the challenges that the company may face in the future, determining the strategic option on the basis of which the strategic plan of the company will be based, and drawing a strategic road map for the company, containing the necessary initiatives. To implement them, and to develop a general concept for the administrative structure of the company, to ensure the achievement of the strategic objectives).
- Guided by actuarial criteria to reduce loss rates and improve profitability.
- Implementing some procedures and control methods that allow processing claims and accidents according to the requirements of the supervisory and control authorities, and ensuring the level of adequacy of reserves and financial allocations for those claims in order to achieve the financial security of the company, while continuously improving the work mechanisms in the compensation services department to raise the level of service quality to match the needs of customers.
- Taking some series developmental and organizational initiatives to support the company's strategic goals and are consistent with the progress of the procedures in place internally and include: (developing the organizational structure of the company, preparing internal regulations and policies in a professional manner, preparing and developing job descriptions for all the company's functions,

including the most important tasks, responsibilities, requirements of administrative competence and practical experiences).

- Developing the infrastructure for managing information technology and information security.
- Successfully renewing the reinsurance program in all insurance products.
- Developing employee's skills through some raining programs and courses, in addition to passing the IFCE certificate test according to the requirements of the Saudi Central Bank.
- Increase the Saudization percentage in the company from 67% by the end of 2019 to 70% by the end of 2020.
- Appointing highly qualified employees in leadership positions in the supervisory departments whose qualified and expert to the future requirements of the company.
- The recommendation of the Board of Directors to reduce the company's capital from 240,000,000 Saudi Riyals to 130,000,000 Saudi Riyals.

#### B) Sales:

In the fiscal year ending 12/31/2020G (12 months), the company achieved sales with a total value of 330 million Saudi Riyals, and the company seeks to complete the sales infrastructure by providing its regional departments with the necessary human capacities to support sales operations during the coming period, in addition to increasing Powers granted to regional administrations to facilitate sales management and speed up customer actions in order to provide better service.

The following is a summary showing the types of insurance and their percentages of the total insurance premiums for the year 2020:

Insurance Type	The percentage of total insurance premiums
Health	%88.37
Motor	%9.01
General	%2.62

#### C) Technical aspects:

The company has renewed reinsurance agreements with local and international reinsurance companies that have full knowledge of the dynamics of the Saudi insurance market and have the highest ratings by international institutions in this field, in order to achieve the highest levels of protection for their clients in terms of managing and distributing insurance risks resulting from underwriting. On the other hand, they also have extensive know-how regarding the Saudi insurance market, and these agreements enabled the company to conduct its business with high flexibility and greater accuracy in risk management.

**D) Investments:**

The company adopted a new investment strategy to diversify the investment portfolio and enhance the performance of the portfolio. The company invested directly in fixed income and equity instruments, in addition to dealing with several banks to obtain a higher return on short-term deposits.

The company's investments in both insurance operations and shareholder operations consist of the following:

1. Insurance Operations: This is an investment of 1.9 million Saudi riyals in Najm Insurance Services Company (a Saudi limited liability company) which is engaged in the business of "inspection expert, loss estimator, and insurance claims settlement specialist".
2. Shareholders' operations: It consists of investments in the following:
  - A. Investments in short-term murabaha deposits in Saudi riyals, amounting to SR 91 million.
  - B. Investments in government sukuk and corporate sukuk amounting to SAR 49 million.
  - C. An investment in a long-term Murabaha deposit in Saudi riyals, amounting to SR 04 million.
  - D. Investments in local shares amounting to 11 million Saudi riyals.

**E) Financial indicators:**

The following is the most important financial indicators and details of the results of the fiscal year ending on 12/31/2020 (12 months):

## 1. Statement of Insurance Operations:

All figures in SAR' 000

Description	2020	2019	2018	2017	2016	2015
<b>REVENUES</b>						
Gross premiums written	329,519	248,054	137,446	71,967	169,866	414,019
Reinsurance premiums ceded	(5,361)	(10,461)	(43,376)	(36,504)	(57,462)	(79,613)
Excess of loss expenses	(44,637)	(6,023)	(2,941)	(2,064)	(888)	(1,134)
Net premiums written	279,521	231,570	91,129	33,399	111,516	333,272
Changes in unearned premiums	(42,999)	(47,900)	(28,595)	14,467	140,760	(57,029)
Net premiums earned	236,522	183,670	62,534	47,866	252,276	276,243
Reinsurance commissions	1,992	1,975	2,895	10,337	18,193	25,694
Other underwriting income	10,786	16,419	4,610	12,083	7,943	5,721
<b>NET REVENUES</b>	<b>249,300</b>	<b>202,064</b>	<b>70,039</b>	<b>70,286</b>	<b>278,412</b>	<b>307,658</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	220,510	174,422	59,359	96,680	211,923	297,848
Reinsurers' share of claims paid	(27,736)	(46,439)	(26,996)	(33,759)	(38,365)	(98,293)
Net claims paid	192,774	127,983	32,363	62,921	173,558	199,555
Changes in outstanding claims	18,905	22,844	(3,775)	(32,834)	(17,555)	28,345
Net claims incurred	211,679	150,827	28,588	30,087	156,003	227,900
Premiums deficiency reserve	292	(447)	10,715	643	-	-
Policy acquisition costs	24,841	17,510	5,353	8,664	29,663	35,700
Other technical reserves	(6,145)	9,324	251	(3,400)	3,400	-
Other underwriting expenses	16,214	12,746	5,840	1,724	16,466	15,193
General and administrative salaries	28,061	29,341	27,578	23,487	29,660	24,497
Other general and administrative expenses	38,610	16,494	13,614	11,606	35,431	18,465
<b>TOTAL COSTS AND EXPENSES</b>	<b>313,552</b>	<b>235,795</b>	<b>91,939</b>	<b>72,811</b>	<b>270,623</b>	<b>321,755</b>
<b>Total profit / (loss) carried forward to shareholders' acc</b>	<b>(64,252)</b>	<b>(33,731)</b>	<b>(21,900)</b>	<b>(2,525)</b>	<b>7,789</b>	<b>(14,097)</b>
Accumulated surplus - Policyholders			-	779	-	-
Accumulated losses	(147,503)	(85,666)	(44,572)	(22,768)	(200,289)	(209,578)

## 2. Statement of Shareholder Operations:

All figures in SAR' 000

Description	2020	2019	2018	2017	2016	2015
<b>Total profit / (loss) transferred to shareholders' accounts</b>	<b>(64,252)</b>	<b>(33,731)</b>	<b>(21,900)</b>	<b>(2,525)</b>	<b>7,789</b>	<b>(14,097)</b>
Total shareholders' expenses	(1,555)	(1,770)	(2,730)	(2,018)	(1,478)	(1,894)
Total shareholders' income	8,534	7,795	4,413	5,296	6,189	3,219
<b>Total Profit / (loss) for the period</b>	<b>(57,273)</b>	<b>(27,706)</b>	<b>(20,217)</b>	<b>753</b>	<b>12,500</b>	<b>(12,772)</b>
Zakat and income tax	(4,564)		-	-	(2,432)	(2,316)
Changes in fair value of available for sale investments	(556)	2,951	216	275	608	(93)
Transfer from fair value reserve to income for the period / year resulting from the sale of available for sale investments	(2,223)	8	(99)	(2,170)	438	196
<b>Total comprehensive income / (loss) for the period</b>	<b>(64,616)</b>	<b>(24,747)</b>	<b>(20,100)</b>	<b>(1,142)</b>	<b>11,114</b>	<b>(14,985)</b>
<b>Earning / (loss) per share</b>	<b>-2.58</b>	<b>-1.62</b>	<b>-1.26</b>	<b>0.05</b>	<b>0.37</b>	<b>-0.4</b>

The reason for the increase losses during the current year compared to the previous year is the increase in net incurred claims by 40%, as well as the increase in doubtful provisions by 818%. Also the COVID 19 pandemic affected directly, which led to a decrease in sales in the first half and an increase unexpected claims in the second half.

### 3. Statement of Financial Position:

Description	All figures in SAR' 000					
	2020	2019	2018	2017	2016	2015
Total liabilities and shareholders' equity	237,268	276,568	218,398	210,344	263,402	257,191
Total insurance operations' liabilities	354,195	270,434	233,853	229,211	298,916	394,094
Total shareholders' assets	237,268	276,568	218,398	210,344	263,402	257,191
Total policyholders' assets	354,195	270,434	233,853	229,211	298,916	394,093

	All figures in SAR' 000					
	2020	2019	2018	2017	2016	2015
Total Income	329,519	248,054	137,446	71,967	279,300	308,792
Total profit / (loss) for the period	(64,616)	(34,843)	(21,687)	(1,142)	12,767	(14,985)

Statement of Financial Position

All figures in SAR' 000

Description	2020	2019	2018	2017	2016	2015
<b>Insurance Operations assets</b>						
Cash and cash equivalents	35,667	21,230	25,935	20,138	23,405	96,129
Premiums and reinsurers' receivable - net	129,207	79,559	21,519	17,811	30,833	57,033
Reinsurers' share of unearned premiums	2,056	4,866	17,189	14,846	28,890	22,783
Reinsurers' share of outstanding claims	11,763	19,390	33,271	73,624	69,383	31,142
Other assets	177,245	145,389	135,939	102,792	157,923	187,006
<b>Total insurance operations' assets</b>	<b>355,938</b>	<b>270,434</b>	<b>233,853</b>	<b>229,211</b>	<b>310,434</b>	<b>394,093</b>
<b>Shareholders' assets</b>						
Cash and cash equivalents	138,316	139,278	105,639	128,725	159,256	160,874
Available for sale investments	10,949	17,375	6,548	20,000	41,855	64,020
Other assets	86,260	119,915	106,211	61,619	62,291	32,297
<b>Total shareholders' assets</b>	<b>235,525</b>	<b>276,568</b>	<b>218,398</b>	<b>210,344</b>	<b>263,402</b>	<b>257,191</b>
<b>Total assets</b>	<b>591,463</b>	<b>547,002</b>	<b>452,251</b>	<b>439,555</b>	<b>573,836</b>	<b>651,284</b>
<b>Insurance Operations' liabilities</b>						
Reinsurance balances payable	22,550	12,976	23,936	12,058	14,818	-
Technical reserves	255,872	208,158	153,684	155,907	212,368	326,335
Other liabilities	76,737	48,521	55,454	60,467	83,248	67,758
<b>Total insurance operations' liabilities</b>	<b>355,159</b>	<b>269,655</b>	<b>233,074</b>	<b>228,432</b>	<b>310,434</b>	<b>394,093</b>
accumulated surplus	779	779	779	779	-	-
<b>Total liabilities and accumulated surplus of insurance operations</b>	<b>355,938</b>	<b>270,434</b>	<b>233,853</b>	<b>229,211</b>	<b>310,434</b>	<b>394,093</b>
<b>Shareholders' liabilities and equity</b>						
Shareholders' liabilities	143,286	119,174	122,853	93,112	141,796	145,920
Shareholders' equity	92,239	157,394	95,545	117,232	121,606	111,271
<b>Total shareholders' liabilities and equity</b>	<b>235,525</b>	<b>276,568</b>	<b>218,398</b>	<b>210,344</b>	<b>263,402</b>	<b>257,191</b>
<b>Total liabilities and equity</b>	<b>591,463</b>	<b>547,002</b>	<b>452,251</b>	<b>439,555</b>	<b>573,836</b>	<b>651,284</b>



#### 4. Statement of Changes in Shareholders' Equity:

All figures in SAR' 000

Description	Share capital	Accumulated losses	Actuarial loss on end-of-service benefits	Fair value reserve for available-for-sale investment	Total equity
Balance at the beginning of the year 2019	140,000	(44,572)	-	117	95,545
Comprehensive loss for the year:		(37,247)			(37,247)
Change in fair value of available for sale investments				2,951	2,951
Transferred from fair value reserve to the income for the year				(8)	(8)
Actuarial loss on end-of-service benefit			(539)		(539)
Capital increase	100,000				100,000
Transaction cost for increase in capital		(3,847)			(3,847)
Balance at the end of the year 2019	240,000	(85,666)	(539)	3,060	156,855
Balance at the beginning of the year 2020	240,000	(85,666)	(539)	3,060	156,855
Comprehensive loss for the year:		(61,837)			(61,837)
Change in fair value of available for sale investments				648	648
Transferred from fair value reserve to the income for the year				(2,223)	(2,223)
Actuarial loss on end-of-service benefit			(1,204)		(1,204)
Balance at the end of the year 2020	240,000	(147,503)	(1,743)	1,485	92,239

#### Segmental Information:

The company's products are divided into three main sectors: the medical sector, which provides health insurance coverage, the motor insurance sector that provides comprehensive insurance and vehicle liability insurance, and the property and accident sector, which includes property, accident, engineering, marine freight and general accident insurance. The following are the sectors' results and their contribution to the results and volume of business Company:

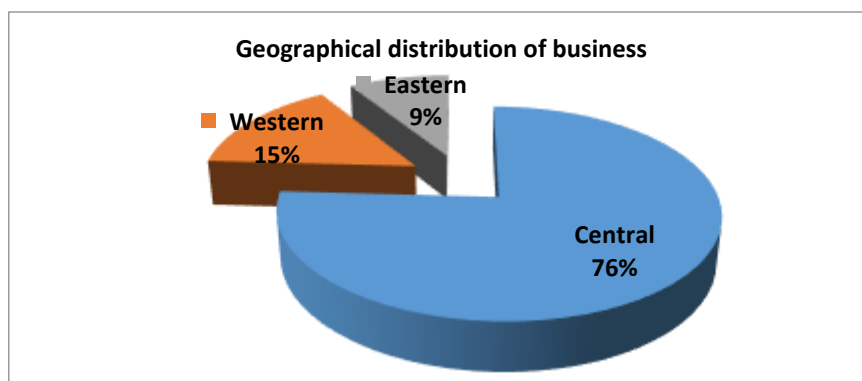
All figures in SAR' 000

Description	Medical	Motor	Property & casualty	Unallocated	Total
<b>Insurance Operations</b>					
Gross premiums written	291,199	29,698	8,622	-	329,519
Reinsurance premiums ceded	904	-	(6,265)	-	(5,361)
Excess of loss expenses	(43,115)	(1,039)	(483)	-	(44,637)
Net premiums written	248,988	28,659	1,874	-	279,521
Changes in unearned premiums - net	(29,907)	(13,902)	810	-	(42,999)
Net premiums earned	219,081	14,757	2,684	-	236,522
Reinsurance commissions	-	-	1,992	-	1,992
Other underwriting income	8,375	390	2,021	-	10,786
<b>NET REVENUES</b>	<b>227,456</b>	<b>15,147</b>	<b>6,697</b>	<b>-</b>	<b>249,300</b>
Gross claims paid	212,562	7,719	229	-	220,510
Reinsurers' share of claims paid	(26,930)	(570)	(236)	-	(27,736)
Net claims paid	185,632	7,149	(7)	-	192,774
Changes in outstanding claims	23,340	(4,996)	561	-	18,905
Net claims incurred	208,972	2,153	554	-	211,679
Premiums deficiency reserve	(1,400)	1,790	(98)	-	292
Policy acquisition costs	21,821	1,590	1,430	-	24,841
Other underwriting expenses	9,727	474	(132)	-	10,069
General and administrative expenses	-	-	-	66,671	66,671
<b>TOTAL COSTS AND EXPENSES</b>	<b>239,120</b>	<b>6,007</b>	<b>1,754</b>	<b>66,671</b>	<b>313,552</b>
<b>Profit / (loss) from insurance operations</b>	<b>(11,664)</b>	<b>9,140</b>	<b>4,943</b>	<b>(66,671)</b>	<b>(64,252)</b>

Geographical Distribution of Gross Written Premiums:

All Figures in SAR'000

Region	Value	Percentage
Central	236,803	72%
Western	63,219	19%
Eastern	29,497	9%
<b>Total</b>	<b>329,519</b>	<b>100%</b>



#### Fourth: Current and Expected Future Risks:

##### A) The Company's Risk Management and Control Policy:

Amana Cooperative Insurance Company adopts the highest international standards and standards for risk management to protect the interests of the company and shareholders, as the company conducts periodic and continuous reviews to identify and assess current and future risks, and then adopts treatment plans to mitigate the effects of these risks on the company's goals and strategy, and the risks that may be faced by Amana Cooperative Insurance Company vary, Classifies them into:

##### 1. Financial risks:

- Market risk: It is the risk that may result from a change in the general market situation or the risks that may result from a change in the state of the general economy, which affects the company.
- Currency risk: It includes what may change the exchange rate and exchange between currencies, which may affect the company's investments and operations in different currencies.
- Interest rate risk: The company's investments and debts are affected by the change in interest rates.
- Liquidity risk: It is the company's inability to meet its short-term debts.
- Credit risk: the risks that arise from the inability of the contracting parties with the company to pay the dues.
- Solvency risk: the inability to meet capital requirements and breach of statutory limits for that.

##### 2. Strategic risks: to include planning, implementation, reputation, resource and product management risks and others.

- Operational risk: It includes information technology risks, claims settlement, fraud risks, risks of absence of an emergency plan, risks that may arise from erroneous behavior of employees, and risks of procedures and processes.
- Insurance risk: It includes underwriting risks, pricing, reinsurance, disaster risks, and technical and regulatory reserve risks.
- Legal and legal risks: These include risks of non-compliance with laws and legislations, risks of allegations, legal issues, and contract risks.

The company follows the risk management process to include all risks and divisions and the process consists of:

- Survey and examination of the general situation: Through this risk management ensures that the company's operations and procedures confirm to the objectives of the company by studying the internal and external situation of the company to identify areas of deficiency and work on them.
- Identifying risks: The goal of identifying risks is to develop a comprehensive list of all risks that may pose a threat to the company's achievement of its objectives. In cooperation with all departments, all risks that previously affected the company are determined to be studied according to the current situation, and also all departments are discussed in what may be new risks arising from the current operations.
- Risk analysis: Each risk is carefully analyzed and studied, and the source of the risk and its effects on the company and its objectives are determined, depending on the potential and impact factors.
- Addressing and mitigating risks: the company responds to risks by accepting or avoiding them altogether, mitigating their impact, or transferring them to another party. Treatment plans are in place for acceptable risks to mitigate their impact by working closely with the concerned management.
- Monitoring the risks and treatment plans: to ensure periodically and continuously the effectiveness of the implementation of treatment plans. Also, the risk management ensures that all risks do not exceed the limits of the company's risk appetite, and the management reports what may constitute an excess of the approved limits for the members of the Board of Directors.
- Reporting and raising: The risk department submits a periodic report to the board of directors on the risks and limits of vulnerability to ensure that the members of the board of directors remain aware of the general status of the company and request their intervention in the event that any of the risks exceed the limits approved by the board. The Risk Management Department discusses all activities and procedures with the Risk Management Committee emanating from the Board before submitting to the Board in this regard.

#### **B) The competition**

The competition in prices remains one of the main features of the Saudi insurance market, in spite of the actuarial controls set by the Saudi Central Bank and obligated all insurance companies to work on implementing them, especially in motor and health insurance.

#### **C) Investment Returns Under the Current Economic Conditions:**

The company's financial results depend in part on its investment performance, and the company's returns from investment and thus its profitability may be negatively affected from time to time as a result of conditions that affect the investment climate and in general as a result of market fluctuations and current economic conditions that are beyond the company's control. Also, the company's activity depends to a large extent on the economic conditions in the Kingdom of Saudi Arabia as well as the economic conditions globally.

#### **D) Technology Risks:**

The company relies on its information technology systems, and although the company takes strict internal security and oversight measures, its information systems may be exposed to unauthorized entries, computer viruses, human errors, natural disasters, fires, energy loss, or communication errors. Or sabotage or terrorist

operations, and the company has committed to implementing Cyber Security policies and procedures, as stipulated in the relevant Saudi Central Bank circular.

**E) Systemic and Legal Risks:**

The insurance operations carried out by the company are subject to supervision and control by the Central Bank of Saudi Arabia through the Cooperative Insurance Supervision System and its implementing regulations, as well as the executive regulations of the Cooperative Health Insurance Council with regard to the health insurance product, and in general, the regulation and supervision of insurance specifically is directed at the interest of the insured and the investors. Future and regulatory changes may affect the insurance sector and may adversely affect the company's business, financial condition and results of its operations.

**F) Legal Cases:**

In the normal business, a company may face cases against others, and claims may also be filed against it from others, and these cases may negatively affect the company's financial position in the future.

**G) Reinsurance Risks:**

Despite the improvement in the technical results of the major reinsurance companies in industrialized countries, there may be a negative impact as a result of some political factors, as well as the consequences of Covid 19, which effects the world economy. The Arab world has not been spared from these repercussions, which will contribute to the persistence of pressure factors on the terms of the reinsurance agreements allocated to these countries.

**Fifth: Disclosure According to Regulations:**

**A) Corporate Governance**

The Board of Directors approved the Corporate Governance Charter on 02/12/1432H corresponding 01/16/2011G, and it was approved by the General Assembly on 07/16/1435H corresponding 05/15/2014G. The Board also approved the updated version on 11/01/1438H corresponding 10/12/2016G and it was also approved by the General Assembly on 02/15/1438H 11/15/2016G, and the Board approved the third and current version on 04/10/2018H and it was approved by the General Assembly on 05/03/2018G. Amana is working to update it. The charter includes all the provisions mentioned in the company's articles of association, the corporate governance regulation issued by the Capital Market Authority, as well as the one issued by the Central Bank of Saudi Arabia, and the Companies Law issued by the Ministry of Commerce and Investment.

**B) Formation of the Board of Directors and Classification of its Members:**

The Board of Directors (the fourth cycle) is three years, starting from 05/16/2019G, after the approval of the General Assembly meeting held on 09/09/1440H corresponding 05/14/2019G, where the Board consists of 7 members as shown in Below table:

Member Name	Membership Classification	Names of joint-stock companies for which a member of the board of directors is a member of their current boards or of their Management	In/Out KSA	Names of joint-stock companies for which a member of the board of directors is a member of their previous boards or of their Management	In/Out KSA
Eng. Mahmoud Al Toukhi (Chairman of the Board)	Independent	Electrical Industries Co.	In KSA	Saudi Power Transformers Co.	In KSA
		Al-Toukhi Industries, Trade and Contracting Co.	In KSA	CG Saudi Arabia Power Systems Co.	In KSA
		Al-Toukhi Trading Group Co.	In KSA	Al-Toukhi Ozdel Power Transmission Co.	In KSA
		Al-Toukhi Investments Co. - Dubai	Out KSA	Saudi Arabian Oasis Electrical Supplies Co. Ltd.	In KSA
		Aqwa Power Co.	In KSA	The Saudi Transformers Co. Ltd.	In KSA
		Amana Cooperative Insurance Company	In KSA	Advanced Electrical Industries Co.	In KSA
				International Company for Industrial Tools	In KSA
				Mini Cool Co. for water purification and bottling	In KSA
				Arab Disar Contracting Company	In KSA
				Saudi Electricity Equipment Co. Ltd.	In KSA
Dr. Abdullah Al-Mussa (Vice Chairman)	Independent	Amana Cooperative Insurance Company	In KSA	Arab Sat Co.	In KSA
				STC Advanced Solutions	In KSA
Mr. Abdulrahman Alsakran (Board Member)	Non-Executive	Amana Cooperative Insurance Company	In KSA	Dr. Sulaiman Al-Habib Medical Services Group	In KSA
				Asala Holding Company	In KSA
				Shaker Group	In KSA
				Medical Care Shield Company	In KSA
				GlobeMed Saudi Company	In KSA
				Saudi Volkswagen Group Company	In KSA
				Etihad Atheeb Telecom Co.	In KSA
				Jubail Energy Co.	In KSA
				Global Gas Co.	In KSA
				Modern Arab Construction Company	In KSA
				The National Energy Company	In KSA
				RDB AlSaif	In KSA
				Saudi Traders Company	In KSA
				The National Energy Company	In KSA
Mr. Haitham Al-Foraih (Board Member)	Independent	Arabian Pipelines Co.	In KSA	Aqua Power Fund "Power Fest"	In KSA
		Al-Hoshan Company	In KSA	Al-Latifia Contracting Co.	In KSA
		Gulf Insulation Group	In KSA	Investment Bank Dar Al Salam (Iraq)	Out KSA
		United Marketing and Trade Co.	In KSA	Al-Rowad Schools Co.	In KSA
		Amana Cooperative Insurance Company	In KSA		
Mr. Pierre Pharaon (Board Member)	Non-Executive	Globemed for Teleservices Ltd	Out KSA	Pharaon Investment Holding	Out KSA
		GlobeMed Health Care	Out KSA	Libano-Suisse SAL	Out KSA
		GlobeMed Saudia	In KSA	Libano-Suisse Takaful Egypt	Out KSA

Member Name	Membership Classification	Names of joint-stock companies for which a member of the board of directors is a member of their current boards or of their Management	In/Out KSA	Names of joint-stock companies for which a member of the board of directors is a member of their previous boards or of their Management	In/Out KSA
		GlobeMed Bahrain	Out KSA	Delta Near East Holding SAL	Out KSA
		GlobeMed Lebanon	Out KSA		
		QuantMed F2 LLC	Out KSA	LS Headquarters SAL	Out KSA
		Amana Cooperative Insurance Company	In KSA		
Mr. Naif ALSudairy (Board Member)	Non-Executive	GlobeMed Co.	In KSA	Care Shield Holding Co.	In KSA
		Amana Cooperative Insurance Company	In KSA		
Mr. Bader Alswailem (Board Member)	Independent	Electrical Industries Co.	In KSA	N/A	
		Amana Cooperative Insurance Company	In KSA		

Briefs on Board Members and Committee Members:

Name	Current Position	Previous Position	Qualifications	Experience
Eng. Mahmoud Al Toukhi (Chairman of the Board) (Nomination & Remuneration Committee Member) (Investment Committee Member)	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Al-Toukhi Group</li> <li>Vice Chairman of the Board of Directors of the Electrical Industries Company</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Al-Toukhi Council for Industry, Trade and Contracting</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Electrical Engineering</li> <li>Master of Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>Practical experience more than 26 years in various activities</li> </ul>
Dr. Abdullah Al-Mussa (Vice Chairman of the Board) (Vice Chairman of Executive Committee) (Chairman of Nomination & Remuneration Committee)	<ul style="list-style-type: none"> <li>Partner - Middle East Digital Media (MEDM)</li> </ul>	<ul style="list-style-type: none"> <li>Supervisor of the General Administration of Information</li> <li>Head of the Internet Services Unit (King Abdulaziz City for Science and Technology)</li> <li>President of Saudi Net (STC)</li> <li>Vice President and President of Saudi Data (STC)</li> <li>Head of STC Transformation Program</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Computer Science</li> <li>Master degree in Computer Engineering</li> <li>Bachelor's degree in Electrical Engineering</li> <li>Executive Education</li> </ul>	<ul style="list-style-type: none"> <li>Practical experiences more than 25 years in establishing and managing businesses in the field of communications, information technology and the Internet, in addition to expertise in the field of corporate restructuring, governance, and technical and strategic advice</li> </ul>
Mr. Abdulrahman Alsakran (Board Member)	<ul style="list-style-type: none"> <li>Assistant Minister for Strategy and Corporate Services - Ministry of</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive Officer of Al-Habib Holding Company</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Accounting</li> <li>Certified Accountant from the American</li> </ul>	<ul style="list-style-type: none"> <li>Practical experience of more than 29 years in various activities such as</li> </ul>

Name	Current Position	Previous Position	Qualifications	Experience
(Chairman of the Risk Committee) (Executive Committee Member)	Finance	<ul style="list-style-type: none"> <li>Vice President of Finance at Al-Seif Commercial Investment Company</li> <li>General Manager of Strategic Planning and Performance, Saudi Telecom Company</li> <li>Group Financial Director, National Company for National Industries (Zoujaj)</li> <li>External Auditor at Al-Jarid &amp; Co. (Deloitte &amp; Dutch)</li> </ul>	<ul style="list-style-type: none"> <li>Institute</li> <li>A chartered accountant from the Saudi Organization for Certified Public Accountants</li> </ul>	strategy, planning, investment and public administration
Mr. Haitham Al-Foraih (Board Member) (Chairman of the Investment Committee) (Nomination & Remuneration Committee Member)	- President of the Gulf Money Company	- Investment Management Portfolio Analyst at Al Muhaidib Group Company	<ul style="list-style-type: none"> <li>Master of Business Administration</li> <li>Bachelor's degree in Architectural Engineering</li> </ul>	- Practical experience more than 16 years in various activities
Mr. Naif ALSudairy (Board Member) (Executive Committee Member) (Risk Committee Member)	- Deputy General Manager of the Investment Company	<ul style="list-style-type: none"> <li>CEO of Volkswagen</li> <li>Director of Global Banking Services at SABB Bank</li> </ul>	<ul style="list-style-type: none"> <li>Master degree in Business Administration</li> <li>Bachelor's degree in Industrial Engineering</li> </ul>	- Practical experience more than 10 years in various activities
Mr. Pierre Pharaon (Board Member) (Executive Committee Member) (Investment Committee Member)	- CEO of the Lebanese Swiss Insurance Company	<ul style="list-style-type: none"> <li>Business Development Manager at the Lebanese Swiss Company</li> <li>Assistant General Manager at Pharaoh Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Master degree in Business Administration</li> <li>Bachelor's degree in Civil and Environmental Engineering</li> </ul>	- Practical experience more than 10 years in various activities
Mr. Bader Alswailem (Board Member) (Chairman of the Audit Committee)	- CEO of Saudi ORIX	<ul style="list-style-type: none"> <li>Deputy CEO of Saudi ORIX</li> <li>CEO of the electronics sector at Al Faisaliah Group</li> <li>Financial Controller for Al Faisaliah Group</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Accounting from King Saud University</li> <li>CPA from the Saudi Association for Certified Public Accountants</li> <li>CPA from (AICPA).</li> </ul>	- Practical experience more than 28 years in accounting, auditing and corporate management
Mr. Husam Sadagah (Audit Committee Member)	- External Auditor - WTS Sadagah Auditing & Consultants	<ul style="list-style-type: none"> <li>Partner in Deloitte &amp; Touche Company.</li> <li>External Auditor - PKF Sadagah Auditing &amp;</li> </ul>	- Bachelor's degree in Accounting from Ain Shams University, Egypt.	- More than 40 years in the field of external auditing



Name	Current Position	Previous Position	Qualifications	Experience
		<ul style="list-style-type: none"> <li>consultants.</li> <li>- External Auditor - Main Partner at Ernst &amp; Young Middle East (Saudi Arabia, UAE)</li> <li>- External Auditor - partner at Pricewaterhouse.</li> <li>- Saudi Arabia Ministry of Housing</li> </ul>	<ul style="list-style-type: none"> <li>- Diploma in Business Administration from King Abdulaziz University.</li> <li>- Master degree in Auditing from King Abdulaziz University.</li> <li>- External Auditor from Ministry of Commerce.</li> <li>- Fellowship from the (AICPA).</li> </ul>	
Mr. Maged A. Algoaid (Audit Committee Member)	- General Manager of Legal and Compliance at AQWA Power	<ul style="list-style-type: none"> <li>- Manager of Compliance Department at the Saudi Electricity Company.</li> <li>- Manager of Legal Affairs and Compliance at Sanad Insurance Company.</li> <li>- Head of Legal Affairs and Compliance at Al Jazeera Takaful Company.</li> <li>- Manager of Legal Affairs and Compliance at ACIG Insurance Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Master degree in Law from Brunel University / UK</li> <li>- Bachelor's degree in Sharia from Umm Al-Qura University</li> </ul>	- More than 11 years in the field of insurance and banking
Salem Alruhailie (Risk Committee Member)	- CFO of Economic Cities and Special Zones Authority	<ul style="list-style-type: none"> <li>- CFO of the Saudi Enaya Insurance Company.</li> <li>- Director of Financial Planning and Performance at National Commercial Bank.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor degree in of Accounting from King Saud University with honors.</li> <li>- Master degree in Accounting from Case Western Reserve University in Ohio.</li> <li>- MBA from Case Western Reserve University in Ohio.</li> </ul>	- More than 20 years in several fields, including training, consulting, financial analysis, financial control, financial planning and performance measurement.

**C) The Board of Directors mechanism in evaluating its performance and the performance of its committees:**

The Board of Directors is committed to evaluate the effectiveness of its members as well as the committee's members. The Nomination and Remuneration Committee considered when designing evaluation forms the size of members 'participation, their effectiveness and the impact of their participation on the work of the Board and its committees.

**D) The Board of Directors mechanism in evaluating its performance and the performance of its committees and members:**

The Board of Directors is committed to evaluating the effectiveness of its members as well as the committees affiliated to it. The Nomination and Remuneration Committee took into account when designing evaluation forms the size of the members' participation and their effectiveness and the impact of their participation on the work of the Board and its committees.

**E) Board Members Remuneration and Allowances:**

According to the company's articles of association, the remuneration of the Chairman of the Board for the services and performs is (180,000) Saudi Riyals annually, and the remuneration of each member of the board of directors for the services and performs will be an amount of (120,000) Saudi Riyals annually. The Chairman and the members shall be paid an amount of (3,000) Saudi Riyals for attending each Board meeting, and an amount of (1,500) Saudi Riyals for attending committees meeting. The remuneration of each member of the committees from outside of the board will be (50,000) Saudi Riyals annually, and an (1,500) Saudi Riyals is paid for each meeting for attending the meeting, and an amount of (1,257,000) Saudi Riyals has been representing the total remuneration and allowances as per to the following table:

Name	Board			Executive Committee			Audit Committee			Remuneration & Nomination Committee			Investment Committee			Risk Committee			Total
	#	Allowance	Remuneration	#	Allowance	Remuneration	#	Allowance	Remuneration	#	Allowance	Remuneration	#	Allowance	Remuneration	#	Allowance	Remuneration	
Eng. Mahmoud Al Toukhi	4	12,000	180,000							5	7,500	0	4	6,000	0				205,500
Dr. Abdullah Al-Mussa	4	12,000	120,000	7	10,500	0				5	7,500	0							150,000
Mr. Abdulrahman Alsakran	4	12,000	120,000	7	10,500	0										2	3,000	0	145,500
Mr. Bader Alswaleem	4	12,000	120,000				8	12,000	0										144,000
Mr. Naif ALSudairy	4	12,000	120,000	7	10,500	0										2	3,000	0	145,500
Mr. Haitham Al-Foraih	3	9,000	120,000							5	7,500	0	4	6,000	0				142,500
Mr. Pierre Pharaon	4	12,000	120,000	7	10,500	0							3	4,500	0				147,000
Mr. Husam Sadagah							8	12,000	50,000										62,000
Mr. Maged Algoaid							8	12,000	50,000										62,000
Salem Alruhailie																2	3,000	50,000	53,000
Total																			1,257,000 Saudi Riyals

The Board held four meetings during its fourth cycle during year 2020, and the following is the attendance record:

Date Name	11/03/2020	29/09/2020	05/11/2020	29/12/2020
Eng. Mahmoud Al Toukhi	Present	Present	Present	Present
Dr. Abdullah Al-Mussa	Present	Present	Present	Present
Mr. Abdulrahman Alsakran	Present	Present	Present	Present
Mr. Naif ALSudairy	Present	Present	Present	Present
Mr. Pierre Pharaon	Present	Present	Present	Present

Date Name	11/03/2020	29/09/2020	05/11/2020	29/12/2020
Mr. Haitham Al-Foraih	Excuse	Present	Present	Present
Mr. Bader Alswailem	Present	Present	Present	Present

**F) The most important decisions taken by the Board during year 2020:**

- Approval of the annual financial statements for the year 2020.
- Approval of the audit committee's recommendation to select the external auditors for the year 2020 and the first quarter of the year 2021.
- Approval of the quarterly financial statements for the year 2020.
- Approval of the updated banking powers list.
- Recommendation to reduce the company's capital from 240,000,000 riyals to 130,000,000 riyals.
- Appointing Ernst & Young as the provider of the internal audit service.
- Forming a temporary committee to study the option of mergers and acquisitions.
- Assigning a secret order to the Board of Directors.

**G) General Assembly Meetings:**

The company's ordinary general assembly held one virtual meeting during year 2020 on 11/08/1441H corresponding 06/29/2020G and in the presence of the following Board members:

1. Eng. Mahmoud Al Toukhi (The Chairman)
2. Dr. Abdullah Al-Mussa (Vise Chairman)
3. Mr. Abdulrahman Alsakran (Member)
4. Mr. Naif ALSudairy (Member)
5. Mr. Haitham Al-Foraih (Member)
6. Mr. Bader Alswailem (Member)

Mr. Pierre Pharaon apologized for the attendance.

**Meeting Decisions:**

- Approval of the Board of Directors' report for the fiscal year ending on 31/12/2019.
- Approval of the auditors' report for the fiscal year ending on 31/12/2019.
- Approval of the company's financial statements for the fiscal year ending on 31/12/2019.
- Approval of absolving the members of the Board of Directors from liability for the fiscal year ending on 31/12/2019.
- Approving the appointment of auditors for the company from among the nominees based on the recommendation of the audit committee to examine, review and audit the financial statements for the first, second, third, fourth and annual quarters of the year 2020 and the first quarter of the year 2021 and determine their fees.

- Approval of the disbursement of an amount and the capacity of (1,235,107.5) Saudi Riyals as the Board of Directors Remuneration and Allowances for the fiscal year ending on 31/12/2019.
- Approval of the business and contracts that have been concluded between the company and the Al-Saif Group, which are multiple insurance policies, in which the members of the Board Members Mr. Nayif Al-Sudairy and Mr. Abdulrahman Al-Sakran have an indirect interest in them, at an amount of (34,595,000) Saudi Riyals without special conditions or benefits.
- Approval of the business and contracts that have been concluded between the company and the Al Toukhi Group, which are multiple insurance policies, in which the Chairman of the Board, Eng. Mahmoud Al Toukhi, has a direct interest, in the amount of (7,000) Saudi Riyals, without special conditions or benefits.
- Approval of the contracts and works that have been concluded between the company and GlobeMed Saudi Arabia, which are the company's medical claims management contracts for a period of 3 years, in which the Board members Mr. Nayif Al-Sudairy, Mr. Pierre Pharaon and Mr. Abdulrahman Al-Sakran have an indirect interest, in the amount of (8,997,000) Saudi Riyals, without special conditions or benefits.

**H) A statement of any arrangements or agreement under which a member of the board of directors or a senior executive waived his remuneration:**

Not Applicable

**I) A statement of the company's requests for shareholder records:**

No.	Date	Reasons
1.	28/06/2020	General assemblies
2.	02/09/2020	Corporate Actions
3.	24/09/2020	Corporate Actions
4.	07/10/2020	Corporate Actions
5.	10/10/2020	Corporate Actions
6.	16/12/2020	Corporate Actions
7.	21/12/2020	Corporate Actions

**J) Executive Management:**

The executive management of the company consists of a distinguished group of people with insurance qualifications and experience, and they are as follows:

Name	Title	Percentage of ownership in the company's shares
Sulaiman Hilal	Chief Executive Officer	%0
Bader Al Shammary	Chief Operation Officer	%0
Wael Banjer	Finance Manager	%0
Ali Jazzar	Compliance Manager	%0
Amal Al Onazi	HR Manager	%0

Name	Title	Percentage of ownership in the company's shares
Majed AlKhamisi	Head of Risk	%0
Mohammed Al Abbad	Internal Audit Manager	%0

Brief about the Executive Management:

Name	Current Position	Previous Position	Qualifications	Experience
Sulaiman Hilal	Chief Executive Officer	Chief Executive Officer	Bachelor's degree in Business Administration from King Abdulaziz University	Practical experience more than 23 years in various activities
Bader Al Shammary	Chief Operation Officer	Chief Operation Officer	Diploma in Insurance Business from the Institute of Public Administration. He holds several professional certificates in the field of insurance, the most important of which is the HIA Certificate from the American Health Insurance Association	Practical experience more than 28 years in the insurance sector, the banking sector, and in various activities.
Amal Al Onazi	HR Manager	HR Manager	A master's degree in business administration from King Saud University, and he is a supervisor of diploma certificates provided by the Chamber of Commerce.	Practical experience of more than 24 years in the insurance sector, the banking sector, and in various activities.
Majed AlKhamisi	Head of Risk	Head of Risk	Master's degree in Risk Management from the University of Glasgow Caledonia - UK, and he also holds a Diploma in Risk Management from GradIRM Institute - UK.	10 years in banking and investment, in addition to 6 years in insurance and risk management.
Ali Jazzar	Compliance Manager	Head of Compliance	High school degree, and he also holds several certificates in the field of compliance and combating money laundering, as certified by the Banking Institute, the American Financial Institute and the British Henley University	Practical experience more than 17 years in the banking and insurance sector and in various activities.
Mohammed Al Abbad	Internal Audit Manager	Internal Audit Manager	Bachelor's degree in accounting from King Fahd University of Petroleum and Minerals, holder of certificates in the field of internal audit and a certificate in the field of insurance fundamentals	Practical experience more than 14 years in the insurance sector.

#### K) Remuneration and Compensation for Senior Executives:

Remuneration and compensation for the company's senior executives are determined according to the following criteria:

1. That the remuneration and compensation are compatible with the company's strategic goals and a factor to motivate the executive management to achieve those goals and to enhance the company's ability to develop and continue its business.
2. That the remuneration be fair and commensurate with the specializations, works and responsibilities that he carries out, in addition to the goals set by the board of directors to be achieved during the fiscal year.
3. Rewards are determined based on the level of the position, the duties and responsibilities of the occupant, academic qualifications, practical experience and skills, and the level of performance.
4. The bonus value is directly related to the results of the annual performance evaluation according to the objectives set for the senior executives.
5. The company took into account what is prevalent in the market in determining remuneration, while avoiding what may arise from unjustified increases in bonuses and compensations.

The following table shows the details of the remuneration and compensation obtained by senior executives.

	Fixed remuneration				Variable remuneration						End of Service	Total remuneration for the board executives	Over All
	Salaries	Allowances	Benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Shares	Total			
Chief Executive Officer	1,454,400	399,600		1,854,000									1,854,000
Chief Operation Officer	56,647	20,686		77,333									77,333
HR Manager	60,000	23,874		83,874									83,874
Risk Manager	113,827	49,902		163,729									163,729
Compliance Manager	161,350	69,611		230,961									230,961
Finance Manager	66,035	28,632		94,667									94,667
Internal Audit Manager	154,292	66,520		220,812									220,812

	Fixed remuneration				Variable remuneration						End of Service	Total remuneration for the board executives	Over All
	Salaries	Allowances	Benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Shares	Total			
Total	2,066,551	658,825		2,725,376									2,622,055

- There are no executive members in the Board.
- Amana does not have any salaries, other compensation, or incentive plans for non-executive or independent members other than what mentioned in article (E) related to "Board Members Remuneration and Allowances."
- Annual performance bonuses for year 2020 will not be disbursed to all Amana employees, including the senior executives listed in the above table.

#### L) Dealings with Related Parties:

Some annual insurance contracts have been concluded in which the company was a party and there is an interest in it for some members of the Board of Directors.

(Figures are in thousands of Saudi Riyals)

Entity Name	نوع الصفقة	Period	Total Amounts
AlSaif Group	Insurance Policy	One Year	27,381
Al-Durra Al-Reada Co.	Insurance Policy	One Year	98
Mr. Nayif Al-Sudairy	Insurance Policy	One Year	13
Mr. Abdulrahman Al-Sakran	Insurance Policy	One Year	16

- Al-Saif Group: in which the Board members Mr. Nayif Al-Sudairy and Mr. Abdulrahman Al-Sakran have an indirect interest in it.
- Al-Durra Al-Reada Company: in which the CEO has a direct interest in it.
- Nayef Al-Sudairy: in which a member of the board Mr. Nayif Al-Sudairy has a direct interest.
- Abdulrahman Al-Sakran: in which a member of the Board Mr. Abdulrahman Al-Sakran has a direct interest.
- Medical claims management contract with GlobeMed Saudi Arabia: which is the members of the board Mr. Nayif Al-Sudairy, Mr. Pierre Pharaon and Mr. Abdulrahman Al-Sakran, have indirect interest in it, as the total amount paid to GlobeMed company for the value of administrative fees during the year 2020 with an amount of 7,500 Saudi riyals for the services they provided.

Also, during year 2020, there were no contracts in which the company was a party or in which there was a substantial interest other than what was listed above.

#### M) Formation of Board's Committees:

##### First: Audit Committee:

The Audit Committee was formed in accordance with the Company's Bylaws, the Corporate Governance Regulations issued by the Capital Market Authority, the Charter of Audit Committees Regulations issued by the Saudi Central Bank.

The terms of reference and tasks of the audit committee include the following:

- Recommending to the Board of Directors to approve the appointment of the external auditors. This includes ensuring that the nominated external auditors have the expertise and independence necessary to review the company's business.
- Reviewing and discussing the annual and quarterly financial statements with the external auditors and senior management in the company before recommending to the Board of Directors for publication.
- Reviewing the reports of the Internal Audit Department and the Compliance Department and submitting recommendations regarding them.
- Reviewing the observations of the relevant supervisory and supervisory authorities regarding any regulatory violations or required corrective measures and submitting recommendations regarding them to the Board of Directors.
- Evaluating the level of efficiency, effectiveness and objectivity of the work of the external auditors, the internal audit department and the compliance department.
- Follow up on important lawsuits filed by the company or filed against it with the Director of the Compliance Department, and submit periodic reports on them to the Board of Directors.
- Ensuring the company's commitment to implementing the proposals and recommendations of the actuary when it is mandatory in accordance with the regulations and instructions issued by the Central Bank and the relevant supervisory and supervisory authorities.

The Audit Committee was formed for the current (fourth) cycle after the General Assembly approved the selection of its members which held on 02/24/1441H corresponding 10/23/2019G and the committee includes:

Membership	Name	Type
Chairman	Mr. Bader Alswailem	Independent Board Member
Member	Mr. Husam Sadagah	Independent member from outside the board
Member	Mr. Maged A. Algoaid	Independent member from outside the board

During year 2020, the committee held eight meetings, in which the attendance was as follows:

Name Date	Mr. Bader Alswailem	Mr. Husam Sadagah	Mr. Maged A. Algoaid
17/02/2020	Present	Present	Present
17/03/2020	Present	Present	Present



11/06/2020	Present	Present	Present
16/08/2020	Present	Present	Present
27/08/2020	Present	Present	Present
02/11/2020	Present	Present	Present
15/11/2020	Present	Present	Present
30/11/2020	Present	Present	Present

#### The most decisions of the committee:

- Recommendation to approve the appointment of external auditors to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2020 and the first quarter of the fiscal year 2021.
- Review and discuss the quarterly financial statements for the year 2020 and the annual financial statements of the company for the year 2019 with the executive management and external auditors, and recommend to the Board of Directors for approval.
- Appointing managers for compliance and internal audit departments.
- Recommending that some tasks of the Internal Audit Department be assigned to a specialized service provider for the fiscal year 2021.
- Study the notes received from the internal and external auditors of the company and follow up their completion according to the schedule agreed upon with the company's management.
- Reviewing and following up on the reports received from the Compliance Department, reviewing the observations of the Central Bank of Saudi Arabia and the appropriateness of corrective measures.
- Review the anti-money laundering policy and the anti-money laundering program for the fiscal year 2021 and recommend to the Board of Directors for approval.
- Following up on the important lawsuits filed by or against the company, and the reasons for them, in order to determine its current situation and recommend what should be taken about it.

#### Second: Executive Committee:

The Executive Committee was formed during the fourth cycle of the Board by a decision of the Board on 09/17/1440H corresponding 05/22/2019G and includes:

Membership	Name	Type
Chairman	Dr. Abdullah Al-Mussa	Independent Board Member
Member	Mr. Abdulrahman Alsakran	Non-executive board member
Member	Mr. Naif ALSudairy	Non-executive board member
Member	Mr. Pierre Pharaon	Non-executive board member

The functions and responsibilities of the Executive Committee include the following:

- Following up on the company's long, medium- and short-term strategic plans and objectives, updating and reviewing them from time to time, and ensuring the implementation of the company's business plan.
- Follow up on the implementation of the company's estimated budgets and make recommendations regarding them.
- Follow up the level of performance of the company to achieve the set goals.
- Providing the executive management with direction and guidance towards best practices for managing the company.
- Follow-up and review of all important issues related to cases filed before the judiciary, emergency cases and claims that require them to appear in the accounting statements.
- Selecting and assigning advisory bodies as they see fit in the interest of the work.
- Any other responsibilities that the Board assigned to the committee.

During the year 2020, the committee held seven meetings, in which the attendance was as follows:

Name Date	Dr. Abdullah Al-Mussa	Mr. Abdulrahman Alsakran	Mr. Naif ALSudairy	Mr. Pierre Pharaon
24/02/2020	Present	Present	Present	Present
20/04/2020	Present	Present	Present	Present
30/06/2020	Present	Present	Present	Present
15/09/2020	Present	Present	Present	Present
05/11/2020	Present	Present	Present	Present
16/12/2020	Present	Present	Present	Present

#### The most decisions of the committee:

- Recommend approval of the company's business plan.
- Follow up on the company's performance and compare it with the approved business plan for the year 2020.
- Follow up on the company's quarterly reports.
- Following up on the existing technical projects in the company.
- Recommending the approval of the updated banking authorities.
- Developing scenarios to re-estimate the company's budget based on the changes that have occurred after the Corona pandemic.
- Appointing a secretary for the committee to succeed the former secretary.

#### Third: Nominations and Remuneration Committee:

The Nomination and Remuneration Committee was formed during the fourth cycle of the Board by a decision of the Board on 09/17/1440H corresponding 05/22/2019G and includes:

Membership	Name	Type
Chairman	Dr. Abdullah Al-Mussa	Independent Board Member
Member	Eng. Mahmoud Al Toukhi	Independent Board Member
Member	Mr. Haitham Al-Foraih	Independent Board Member

The functions and responsibilities of the Nomination and Remuneration Committee include the following:

- Reviewing the structure of the Board of Directors and submitting recommendations regarding possible changes.
- Preparing and developing a plan for identifying, evaluating and enhancing the competencies of board members, identifying weaknesses and strengths in the board of directors and proposing remedies in accordance with the interest of the company.
- Preparing and developing a succession plan for members of the Board of Directors and reviewing this plan on a regular basis.
- Issuing the necessary directives about the candidates to fill the positions of CEO and executive vice presidents at the company level.
- Establishing clear compensation and remuneration policies for members of the Board of Directors and senior executives, taking into account when setting these policies, the use of performance-related standards, and reviewing them in line with the controls established by the Board from time to time.
- Follow up on annual budget issues related to recruitment and oversee the implementation of the company's work policies in accordance with the work system and related regulations, and employees' adherence to the rules of professional conduct.
- Any other responsibilities that the Board assigned to the committee.

During the year 2020, the committee held five meetings, in which the attendance was as follows:

Name Date	Dr. Abdullah Al-Mussa	Eng. Mahmoud Al Toukhi	Mr. Haitham Al-Foraih
27/01/2020	Present	Present	Present
19/05/2020	Present	Present	Present
26/08/2020	Present	Present	Present
11/10/2020	Present	Present	Present
23/12/2020	Present	Present	Present

**The most decisions of the committee:**

- Finalizing the performance evaluation of the work of the Board of Directors and its members and submitting it to the Board of Directors for approval.

- Reviewing the annual performance evaluation system for the company's employees, in addition to recommending not to distribute annual bonuses for the year 2020.
- Reviewing and approving the system and mechanism for the succession plan for leadership positions.
- Reviewing the updated organizational structure.
- Reviewing the replacement plan for non-Saudi employees.
- Appointing a secretary for the committee to succeed the former secretary.

#### **Forth: Investment Committee:**

The Investment Committee was formed during the fourth cycle of the Board by a decision of the Board on 09/17/1440H corresponding 05/22/2019G and includes:

Membership	Name	Type
Chairman	Mr. Haitham Al-Foraih	Independent Board Member
Member	Eng. Mahmoud Al Toukhi	Independent Board Member
Member	Mr. Pierre Pharaon	Non-executive board member

The functions and responsibilities of the Investment Committee include the following:

- The Investment Committee's functions, tasks and responsibilities include the following:
- Drawing up the investment policy and overseeing its implementation.
- Approving investment activities and monitoring the performance of investment portfolios.
- Reviewing the company's investment policy and re-evaluating it.
- Adherence to the approved regulations and standards in asset allocation, classification and management of investment portfolios.

During the year 2020, the committee held four meetings, in which the attendance was as follows:

Name Date	Mr. Haitham Al-Foraih	Eng. Mahmoud Al Toukhi	Mr. Pierre Pharaon
17/02/2020	Present	Present	Excuse
11/04/2020	Present	Present	Present
17/08/2020	Present	Present	Present
31/12/2020	Present	Present	Present

#### **The most decisions of the committee:**

- Preparing an annual investment plan and presenting it to the Board of Directors.
- Investing in initial public offerings.
- Direct investment in local stocks.
- The approval of the committee to raise the amount with the financial expert to 40 million.

#### Fifth: Risk Committee:

The Risk Committee was formed during the fourth cycle of the Board by a decision of the Board on 09/17/1440H corresponding 05/22/2019G and includes:

Membership	Name	Type
Chairman	Mr. Abdulrahman Alsakran	Non-executive board member
Member	Mr. Naif ALSudairy	Non-executive board member
Member	Mr. Salem Alruhailie	Independent Board Member

The functions and responsibilities of the Risk Committee include the following:

- Determining the risks that the company may be exposed to and maintaining an acceptable level of risk for the company.
- Supervising the company's risk management system and evaluating its effectiveness.
- Developing a comprehensive risk management strategy and following up on its implementation, reviewing and updating it based on the internal and external variables of the company.
- Review risk management policies.

During the year 2020, the committee held two meetings, in which the attendance was as follows:

Name Date	Mr. Abdulrahman Alsakran	Mr. Naif ALSudairy	Mr. Salem Alruhailie
29/09/2020	Present	Present	Present
23/11/2020	Present	Present	Present

#### The most prominent decisions of the committee:

- Review the risk strategy and plan for the year 2020.
- Key risk indicators, risk register and most important risks.
- Determining the company's ability to accept risks after discussion with the Board of Directors.
- Appointing a secretary for the committee to succeed the former secretary.

#### N) Activities of shares and debt instruments:

The authorized, issued and fully paid capital of the company is 240 million Saudi riyals as on December 31, 2020G, and it consists of 24 million shares with a nominal value of 10 Saudi riyals per share. There are no debt instruments issued by the company, nor any interest or option rights and subscription rights belonging to for members of the Board of Directors and their family members in the shares of the company. There are also no debt instruments convertible into shares, option rights, subscription right notes, or similar rights issued or granted by the company during the fiscal year ending on that date. There are no transfer or subscription rights under convertible debt instruments into shares, option rights, or similar rights certificates issued or granted by the company during the period, and there is no

refund, purchase or cancellation by the company for any recoverable debt instruments. There are also no arrangements or assignment agreement. Hereby any of the shareholders for any rights in profits.

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

The following table shows the percentages of ownership by members of the Board of Directors in its fourth session, and their wives and minor children, in the company's shares during the year 2020:

A description of any interest of the members of the board of directors and their spouses and minor children in the shares or debt instruments of the company							
م	Name	Beginning of the year		End of the year		Net Change	Percentage Change
		No. Shares	Debt Instruments	No. Shares	Debt Instruments		
1.	Eng. Mahmoud Al Toukhi	300,000	-	300,000	-	-	%0
2.	Dr. Abdullah Al-Mussa	749	-	749	-	-	%0
3.	Mr. Abdulrahman Alsakran	2,625	-	2,625	-	-	%0
4.	Mr. Bader Alswailem	20	-	20	-	-	%0

**P) Description of any interest of senior executives and their spouses and minor children in the shares or debt instruments of the company:**

The senior executives and their spouses and minor children have no interest in the shares or debt instruments of the company.

**Q) Zakat, statutory payments and debts:**

- Zakat and income tax are calculated in accordance with the relevant regulations and instructions of the General Authority for Zakat and Income. Zakat obligations are charged to Saudi shareholders and those of similar status, as well as tax on non-Saudi shareholders.
- Zakat is redeemed according to the principle of accrual, whereby the Zakat provision is calculated according to the Zakat base. Any differences between the provision and the final assessment are recorded when the final assessment is approved, where the provision is closed, and the company has paid 0 (no payment) one thousand Saudi riyals during the year 2020, as well as approving the zakat tax dues allowance for the year 2020 amounting to 4,603 Saudi Riyals to become the provision The accumulated amount on 12/31/2020 is SAR 7,008 thousand.
- On the other hand, the company paid an amount of 106 thousand Saudi riyals for the account of reinsurance premiums tax and consulting expenses outside the Kingdom of Saudi Arabia, in addition to the formation of a provision for the year 2020 amounting to 694 thousand Saudi riyals, so that the accumulated provision on 12/31/2020 becomes 2,270 thousand Saudi riyals for the same account. As for other regular payments, 1,336 thousand Saudi riyals

have been paid to the Central Bank of Saudi Arabia, as well as 2,998 thousand Saudi riyals for the Public Institution for Social Security and an amount of 3,036 thousand Saudi riyals as fees for the Cooperative Health Insurance Council, and the company does not have any loans or debts payable, and the following table shows All fees or taxes due to government agencies:

All numbers are in thousands of Saudi riyals

The entity	from January 1, 2020 until December 31, 2020
Saudi Central Bank	1,336
General Organization for Social Insurance	2,998
The Council of Cooperative Health Insurance	3,036

**R) External Auditors:**

The General Assembly, held on 11/8/1441H corresponding 06/29/2020G, approved the appointment PKF Al-Bassam & CO. and Elayouty Office as external auditors for the company's accounts for the year 2020 and the first quarter of the year 2021 and determine their fees.

**S) Accounting standards followed for financial statements:**

The financial statements of the company were prepared during the financial period from 01/01/2020 to 31/12/2020 in accordance with the International Financial Reporting Standards, and 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 reporting standards compared to those issued by the Saudi Authority for Certified Public Accountants. The financial statements also show fairly, in all material respects, the financial position of the company as on December 31, 2020, and the results of its business and its cash flows for the year ended on that date in accordance with international standards.

**T) Dividend policy:**

As the company did not amortize the capital losses (as was explained in the above financial results), no profits will be distributed for this period, and the company will work in the future when profits are made to take the appropriate decision regarding the distribution of profits to shareholders, as required by the company's Bylaws in Article 44. And Article 45, which states:

1. Avoid Zakat and assessed income tax.
2. A (20%) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may stop this set-aside whenever the reserve reaches 100% of the paid capital.
3. The Ordinary General Assembly, based on the proposal of the Board of Directors, to avoid a percentage of the net profits, may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.

The shareholder is entitled to a share in the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the date of entitlement and the date of distribution, and the eligibility of the profits is for the shareholders registered in the shareholders' records at the end of the date set for entitlement, and the company informs the Capital Market Authority without delay of any decisions to distribute profits or recommend that The dividends to be distributed to the shareholders shall be paid at the place and time determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of the Central Bank of Saudi Arabia.

**U) Acknowledgments:**

Amana Cooperative Insurance Company acknowledges that:

- There are no loans on it, whether they are payable on demand or otherwise, and the company did not pay any amounts for loans during the financial period ending 12/31/2020.
- There are no debt instruments convertible into shares, and there are no option rights, subscription right notes, or similar rights issued or granted by the company during the financial period ending 12/31/2020.
- There are no transfer or subscription rights under debt instruments convertible into shares, option rights, rights certificates, or similar rights, or the company issued or granted them during the financial period ending 12/31/2020.
- The company did not redeem, purchase or cancel any redeemable debt instruments, or any value for the remaining securities, on its part.
- There is no contract in which the company is a party and there is or was a substantial interest in it for a member of the board of directors, the general manager, the deputy general manager for financial affairs, or any person related to any of them, except for what was mentioned previously.

Amana Cooperative Insurance Company acknowledges the following:

- That the account records have been properly prepared.
- The internal control system was prepared on a sound basis and was effectively implemented.
- There is no doubt about its ability to continue its activity.

**V) Important events during the year 2020:**

- The company received, on 06/03/1441 corresponding 02/17/2020, the approval of the Cooperative Health Insurance to renew the qualification of the company for a period of three years starting from 02/22/2020.
- The company received the letter of the Saudi Central Bank No. (42011775) dated 02/28/1442, which included imposing a fine of (10,000) Saudi Riyals for the company's commission of an offense related to the insurance sector. Where the violation was addressed



by not complying the Ministry of Health protocol of COVID 19 regarding social distancing. Accordingly, the Central Bank was provided with an explanation corrective actions done by the company.

- The company received the letter of the Saudi Central Bank No. (42012049) dated 02/28/1442, which included imposing a fine of (40,000) Saudi Riyals for the company's violation of the anti-money laundering system. Where the violation was addressed and the semi-annual anti-money laundering report was not sent. Accordingly, the Central Bank was provided with an explanation and corrective actions done by the company.
- Signing a non-binding memorandum of understanding with the Saudi Enaya Cooperative Insurance Company on 03/29/1442 corresponding 11/15/2020, to assess the feasibility of the merger of the two companies. The two companies will initiate the verification and examination process in the technical, financial, legal and actuarial aspects and enter into non-binding discussions regarding the details of the terms and conditions of the proposed merger.
- The company received the letter of the Saudi Central Bank No. (42031538) dated 05/13/1442, which included imposing a fine of (270,000) Saudi Riyals for the company's commission of a number of violations. Whereas, the Central Bank's observations regarding the points related to anti-money laundering rules were addressed. Accordingly, the Central Bank was provided with an explanation and corrective actions done by the company.
- The company received the letter of the Saudi Central Bank No. (42039348) dated 06/12/1442, which included the approval of the Saudi Central Bank to reduce the company's capital by 110 million riyals, so that the company's capital after the reduction would be 130 million riyals.
- The company submitted the application file for the approval of the capital reduction to the Saudi Capital Market Authority on 06/15/1442 corresponding 01/28/2021, and the Authority announced its approval of the capital reduction on its website on 03/18/2021.

**W) Results of the annual review of the effectiveness of internal control procedures and the audit committee opinion on the adequacy of the company's internal control system:**

The Internal Audit Department has implemented the minimum mandatory requirements of the annual internal audit plan approved by the Audit Committee, and submitted important reports and observations to the Audit Committee for review and inclusion in its report to the Board of Directors to highlight aspects related to the effectiveness of the company's internal control procedures. Each of the observations of the external auditor received in relation to his evaluation of the internal control system, as well as the reports of the Compliance Department concerned with assessing the extent to which the company's departments and operations comply with the relevant laws and regulations.

The company faced some challenges during the year 2020 due to the failure of the company to obtain the approval of the competent authority to assign the tasks of the Internal Audit Department to the service provider, in addition to the resignation of both the Director of the Internal Audit Department

and the Director of the Compliance Department, and the recruitment process was delayed due to the consequences of the pandemic The emerging corona virus. Accordingly, the audit committee believes that the annual review of the effectiveness of the company's internal control procedures was limited, which affected the level of evaluation of the company's internal control system.

The committee recommended the appointment of an internal audit manager and a compliance manager in the middle of 2020, and it also recommended the appointment of a service provider to assist in risk assessment and planning and implementation of internal audit work during the year 2021. Therefore, the committee hopes that the internal control departments will be able to perform their duties to the fullest during the year 2021.

**X) What has been implemented from the Corporate Governance Charter:**

Amana Cooperative Insurance Company has implemented all the articles mentioned in the Corporate Governance Regulations issued by the Saudi Capital Market Authority, with the exception of the following article:

Article	Article Statement	Applying	Reasons for not applying	Comments
43	The Board of Directors approve a written and clear policy to deal with the occurring or potential conflicts of interest situations that may affect the performance of the members of the Board of Directors, the executive management or other employees of the company when they deal with the company or with other stakeholders.	partially	The company is obligated to apply conflict of interest or possible occurrence, noting that there is a conflict of interest article within the company's corporate governance regulation.	Amana is preparing a policy, separated from the company's Corporate Governance Charter, that includes current or potential conflicts of interest cases. It will be approved by the Board of Directors.

**Conclusion:**

In conclusion, we extend our sincere thanks and appreciation for the efforts made by all the members of the company at all levels of employment during the year 2020, and we hope to work to double efforts to elevate the company to the ranks of the major companies in the Saudi insurance market.