



الجزيرة تكافل
ALJAZIRA TAKAFUL

Annual Report 2023

www.aljaziratakaful.com.sa

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Chairman's Speech

On behalf of myself and my fellow Members of the Board of Directors, in particular, and all the Company's affiliates, in general, it is with immense pleasure that I present to you the annual report for the financial year 2023 of Aljazira Takaful Taawuni Board of Directors to review summary of the financial and operational activities results as required by corporate governance laws issued to this effect.

This report provides an overview of the company's performance for the year 2023, which is detailed within this report. The positive indicators continue across various fields, where the net income after Zakat reached (44,254) thousand Saudi Riyals, compared to (38,520) thousand Saudi Riyals for the previous year. In the same context, shareholders' equity increased by (5.38) % to reach (940,360) thousand Saudi Riyals by the end of 2023. Additionally, the underwritten insurance premiums increased by (5.24) % over the previous year. Furthermore, the company's assets grew to (2,812) million Saudi Riyals by the end of 2023, with earnings per share reaching (0.67) Saudi Riyals for 2023, an increase of (15.51) % over the previous year.

Al-Jazira Takaful was able to achieve these results, and then by implementing systematic and precise plans. In the year (2023), we launched an ambitious five-year action plan that outlined the company's vision to become partners with our customers and employees to achieve their aspirations and achieve continuous growth in the company's results and operations. We promise to continue our utmost efforts to be worthy of this precious trust in the coming years.

On another note, the company continued to strengthen the role of governance through annual reviews of all internal policies, updating all corporate governance regulations, board and committee charters, and related policies, in compliance with sound corporate governance principles. The company always strives for the continuity of the continuous improvement approach to operational and strategic governance activities.

We are always proud of the achievements and successes we have accomplished, and we strive to continue the path of progress and growth, keeping the future in our sights and relying on a set of pillars built on sound foundations for insurance work and best insurance practices, with a focus on achieving sustainable growth. From this standpoint, we dedicate all our capabilities to support and develop our human cadres of all

categories, who are our primary capital, while continuing our full commitment to our customers and shareholders.

In conclusion, I extend my gratitude and appreciation to the Custodian of the Two Holy Mosques and His Highness the Faithful Crown Prince for the unlimited support that the insurance sector enjoys. I extend my sincere thanks to the Saudi Central Bank, the Capital Market Authority, the Ministry of Commerce and Investment, the Council of Cooperative Health Insurance, and all supervisory authorities for their support, which we have directly witnessed over the past years. Thanks also go to my esteemed colleagues, members of the Board of Directors, for their expertise and advice that contributed to enhancing the position of Al-Jazira Takaful Company, and to all our employees who have made every effort to achieve the aspirations of all stakeholders, wishing everyone success and guidance.

Best regards,

First: A Brief Overview of Al Jazira Takaful

Al-Jazira Takaful was established pursuant to the "Royal Decree" No. M/23 dated 28 Rabi' Al-Thani 1431H. Since that time, Al-Jazira Takaful has dedicated itself to growth and development, keeping pace with the journey of our wise government towards modernity and progress. We aim to be the leading company in the field of insurance compliant with the provisions of Islamic Sharia in the Kingdom of Saudi Arabia by providing innovative, high-quality insurance solutions that achieve maximum benefit for our customers, shareholders, and employees .

Al-Jazira Takaful is a Saudi joint stock company established pursuant to the decision of His Excellency the Minister of Commerce No. 213/Q dated 24 Sha'ban 1434H, based on the decision of the Council of Ministers No. 137 dated 27 Rabi' Al-Thani 1431H, and the Royal Decree No. M/23 dated 28 Rabi' Al-Thani 1431H, with a capital of 660,000,000 Saudi Riyals divided into 66,000,000 shares. The Company conducts its business under Commercial Registration No. 4030251980 and Insurance License No. TMN/34/201312 issued by Insurance authority.

Second: Values and Vision

Our values towards our establishments."

We are committed to applying the principles of Islamic Sharia in all our transactions.

We complete our tasks correctly the first time

We strengthen our work with the spirit of teamwork

We consider applying risk management concepts to ensure benefits for everyone

We acknowledge our social responsibility and believe in the importance of preserving the environment

Our values towards our employees

We attract, develop, and motivate highly experienced and competent talent

We believe in the importance of rewarding our employees for outstanding performance

We communicate with our employees sincerely and with high transparency

We appreciate the loyalty of our employees to us

Our values towards our Clients

We understand the needs and aspirations of our customers by developing innovative insurance products that exceed the expectations of the target segments

We communicate with our customers with professionalism and high transparency

We appreciate our customers' loyalty to us

Third: Company's Main Activities

The Company engages in insurance activities in the fields of general insurance, health insurance, and protection and savings insurance, in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations.

Fourth: Highlights on Key Decisions and Future Vision

4.1 Key Company Decisions During the Fiscal Year 2023:

- A. Approval of the annual financial statements for the fiscal year ended 31/12/2022, and their approval by the General Assembly of Shareholders on 20/06/2023.
- B. Approval of the annual report of the Company's Board of Directors for the fiscal year ended 31/12/2022 and its approval by the General Assembly on 20/06/2023.
- C. Approval of the appointment of (KPMG Al Fozan & Partners) and (Dr. Mohamed Al-Amri & Co.) as the Company's auditors from among the nominees based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2023 and the first quarter of the fiscal year 2024, and determine their fees.
- D. Approval of the interim financial statements for the first, second and third quarters of 2023.
- E. Approval of the Company's 2024-2028 strategy (five-year business plan.)
- F. Approval of the key policies, procedures and strategies for the Company's operations, such as but not limited to (policies and regulations related to the Company's technical operations, policies and procedures related to Compliance, Anti-Money Laundering and Counter-Terrorist Financing, policies, procedures and strategies related to Reinsurance operations.)
- G. Updating and approving the main organizational structure by the Company's Board of Directors.
- H. The Board of Directors' recommendation to increase the Company's capital by granting free shares to shareholders worth SAR 110,000,000, and its approval by the General Assembly of Shareholders on 25/09/2023.

4.2 Future Vision:

The Company continuously strives to achieve the best for all stakeholders, whether shareholders or policyholders, and our responsibility towards achieving our ambitions is reflected in the Company's future plans to keep pace with the Saudi Vision 2030, as the insurance sector is one of the most prominent financial services sectors that receives attention in the Saudi Vision 2030 through the Financial Sector Development Program framework. The Company seeks to support the realization of the promise made by Vision 2030 of building a "strong, prosperous country with opportunities for all", the most important of which are as follows:

- Seeking to launch innovative and new insurance programs that provide customers with coverage and protection from emerging new risks, provide support, and increase the contribution of small and medium enterprises to the Saudi economy.
- Providing innovative insurance solutions supported by digitalization and innovative thinking to support business growth and reduce risks.
- Building a talented, highly enthusiastic and responsible workforce, and retaining them.
- Continuing to provide high-quality insurance services that meet the needs and expectations of customers and partners, and are aligned with the Company's values in dealing and working with them professionally.
- Implementing and maintaining a high-quality governance framework and practicing full transparency with regard to information that enables it to achieve continuous long-term success and create value for all stakeholders, as well as contributing to society in general.
- Raising community awareness of financial planning programs (protection and savings) to stimulate and support sustainable demand for savings plans and enhance financial literacy.

4.3 Key Achievements of the Company in 2023:

1. Al-Jazira Takaful won the award for Best Takaful Service Provider in the Kingdom of Saudi Arabia for the year 2023 from International Business Magazine.

- Al-Jazira Takaful won the award for Best Protection and Savings Insurance Company during 2023 from the International Insurance Conference Awards in 2023.

Fifth: Shareholders Structure

The Company's authorized capital is SAR 660 million, divided into 66 million shares with a nominal value of SAR 10 per share. The Company is 97.27% owned by Saudi shareholders who are subject to Zakat, and 2.73% is the effective ownership of foreign investors who are subject to income tax. The table below shows the structure of the Company's share ownership as of December 31, 2023:

Shareholder name	Nationality	Shares Number	%
Al Jazira Bank	Saudi	14,723,877	% 22.309
Solidarity Group Holding Company BSC	Bahraini	4,653,109	% 7.05
United Brothers Development Company	Saudi	3,300,000	% 5
Owned by the public		43,323,014	% 65.64
Total		66,000000	% 100

During the year, the most prominent changes that occurred in the ownership of the shareholders were as follows:

- Al-Jazira Takaful obtained the approval of the Extraordinary General Assembly on 25-09-2023 regarding the recommendation of the Board of Directors of Al-Jazira Takaful in its resolution issued on 29-03-2023 to the Extraordinary General Assembly to increase the Company's capital from SAR 550 million to SAR 660 million, an increase of 20%, by granting free shares through the capitalization of SAR 110,000,000 from the share premium reserve, by granting one share for every five shares held by the shareholders, in order to enhance its financial solvency and competitive ability in the sector.

2. The ownership of Consolidated Brothers Company changed on 20-08-2023, where the ownership percentage was 3.71% to 5%, and obtaining the necessary approvals from the relevant regulatory authorities.

Except as mentioned above, the Company did not receive any notifications from shareholders or related parties during the year regarding changes in their ownership percentages in the Company's shares, in accordance with Article 86 of the Requirements for Offering Securities and Continuing Obligations issued by the Capital Market Authority.

Sixth: Ownership of Board Members, Senior Executives and their Relatives in Company Shares and Changes During the Fiscal Year 2023:

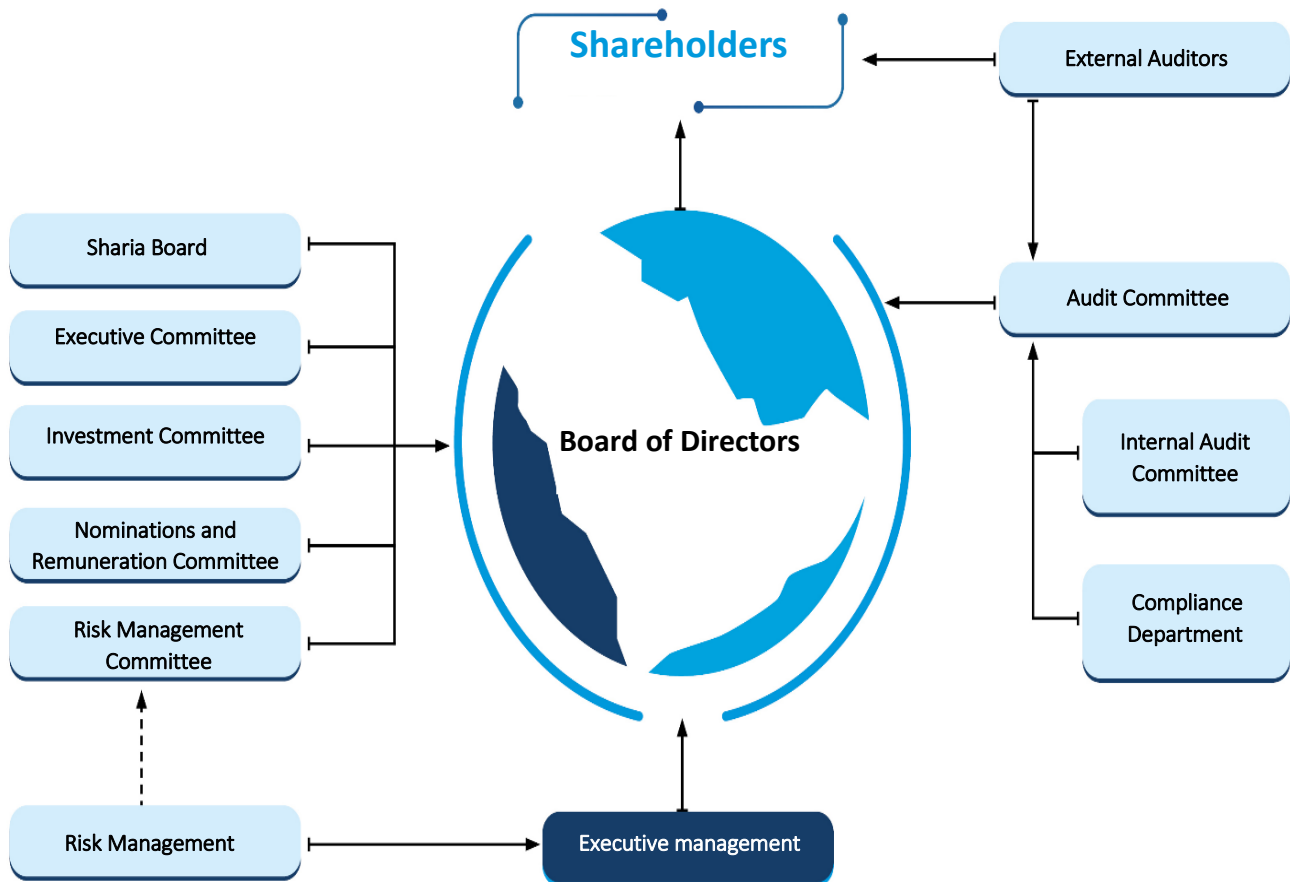
Changes in the ownership of Board members in the Company's shares during the fiscal year 2023 as a result of the increase in the Company's capital

Board of Directors										Senior executives		
Member			Abdulmajeed Al Sultan	Naif Al Abdulkareem	Khalid Alothman	Naif AlMesnad	Ashraf Besisu	Ibrahim AlHurabi	Abdulkareem Al Nujidi	Yahya Al Mansour	Sager Nadershah	
Beginning of the year	Direct	#	205000	-	1168	-	507	10000	-	-	11685	11685
		%	0.3727273	-	0.002123636	-	0.0009218	0.0181818	-	-	0.0212455	0.0212455
	Indirect	#	-	-	-	-	-	-	-	-	-	-
		%	-	-	-	-	-	-	-	-	-	-
Change during the year	Direct	#	41000	-	233	-	101	2000	-	-	2337	2337
		%	0.000	-	-0.210240873	-	-0.0911982	0.000	-	-	0.000	0.000
	Indirect	#	-	-	-	-	-	-	-	-	-	-
		%	-	-	-	-	-	-	-	-	-	-
End of the year	Direct	#	246000	-	1401	-	608	12000	-	-	14022	14022
		%	0.3727273	-	0.002122727	-	0.0009212	0.0181818	-	-	0.0212455	0.0212455
	Indirect	#	-	-	-	-	-	-	-	-	-	-
		%	-	-	-	-	-	-	-	-	-	-

The Company did not receive any notifications from shareholders or related parties during the year regarding changes in their ownership percentages in the Company's shares, in accordance with Article 86 of the Requirements for Offering Securities and Continuing Obligations issued by the Capital Market Authority.

Seventh: Governance at Al-Jazira Takaful

7.1 Governance Structure at Al-Jazira Takaful



7.2 Board of Directors Members:

The Company is managed by a Board of Directors consisting of (9) nine members elected by the Ordinary General Assembly for a term not exceeding three years. The Board of Directors shall meet at least once every three months, four times a year at a minimum, or whenever the need arises upon the invitation of the Chairman or at the request of two members. The quorum for a Board of Directors meeting shall be complete if attended by two-thirds of the members themselves or by proxy, provided that the number of members attending in person is not less than five members, including an independent member.

Non-executive
member



Eng. Abdulmajeed bin Ibrahim AlSultan
Chairman

Eng. Abdulmajeed Al-Sultan is Chairman of the Board of Directors as a non-executive member. He holds a Bachelor's degree in Petroleum Engineering from King Saud University. His experience in the financial and investment sectors has provided him with expertise in local and global markets, the international economic environment, and a comprehensive understanding of the economic culture within the Kingdom of Saudi Arabia. This is due to his assumption of numerous leadership positions in various companies across different sectors. Currently, he holds positions on the boards of directors and committees of listed and unlisted companies, including membership on the Board of Directors of Bank Aljazira , Chairman of the Board of Directors of Durrah Advanced Development Company, and membership on the Board of Directors of Olaat for Development Company.

Previously, he served as a member of the Board of Directors of Qassim Cement Company and was a member of the Board of Directors of Fipco Company, in addition to holding the position of General Manager of Marafiq Company and subsequently serving as a member of its Board of Directors.

Non-executive member



Mr. Naif bin Abdul Kareem Al Abdul Kareem
Vice Chairman of the Board

He is the Chief Executive Officer and Managing Director of Bank AlJazira and the Vice Chairman of the Board of Directors of Al-Jazira Takaful and Al-Jazira Capital Company.

He has a Past and present professional career and managerial experience in the banking sector, during which he held numerous executive positions, the last of which was the position of Deputy Managing Director for Personal Banking and Wealth Management at Samba Financial Group. Additionally, he served as a member of the Board of Directors and the Executive Committee of Samba and Samba Takaful, as well as being a board member of Simah and HSBC Saudi Arabia, and the Chairman of the Board of Directors of Samba Insurance Agency. Mr. Naif Al-Abdulkarim holds a Master of Science degree in Business Administration from the University of Illinois at Urbana-Champaign, United States, and a Bachelor's degree in Finance from King Saud University.

Non-executive member



Mr. Khaled bin Abdullah Al Othman
Member of the Board of Directors

Mr. Khalid Al-Othman is a member of the Board of Directors of Al-Jazira Takaful and Member of Board of Directors Al-Jazira Capital Company. He previously held the position of Vice Chairman of the Board of Directors of Al-Jazira Takaful and was the Head of Retail Banking Group at Bank Aljazira, as well as a member of the Board of Directors of the Saudi Company for Supporting Financial Services (SANAD).

Mr. Khalid holds a Master's degree in Business Administration from the London Business School. He is distinguished by his passion for leadership through extensive experience in branch network management and distribution channel management. He has expertise in development, strategic planning for banking and individual services.

Non-executive member



Mr. Ashraf bin Adnan Besisu
Member of the Board of Directors

Mr. Ashraf is the fourth non-executive member in the formation of the Board of Directors. He is the Chief Executive Officer of Solidarity Group Holding. He is the Chairman of the Board of Directors of Solidarity First Insurance Company in the Hashemite Kingdom of Jordan, Solidarity Takaful Company in Luxembourg, Solid Ventures Company in Bahrain, Solid Capital Company, and the Arab War Risks Insurance Syndicate. Additionally, he is a member of the Board of Directors of Solidarity Bahrain, United Insurance Company, Bahrain Institute of Banking and Finance, the Board of Trustees of the Human Resources Development Fund, the Arab Youth Leadership Program in Bahrain, and the Chartered Insurance Institute in the United Kingdom.

Mr. Ashraf possesses an extensive professional career and managerial experience spanning over 30 years in administrative and leadership roles within the insurance and financial services sectors. He served as the Vice Chairman of the Board of Directors of Solidarity Bahrain, a member of the Board of Directors of Bank of Bahrain and Kuwait, and held the position of Chairman of the Board of Directors of the Bahrain Insurance Association, the General Arab Insurance Federation, Al-Moazara Investment Company in Jordan, Al-Sumoud Investment Company in Jordan, and was the Financial and Administrative Manager of Trust International Insurance Company. He holds a Master's degree in Management and Information Systems from the London School of Economics and Political Science in the United Kingdom, a Bachelor's degree in Civil Engineering from Southern Methodist University in the United States, and numerous specialized certifications and qualifications.

Non-executive member



Mr. Naif bin Mesnad Al Mesnad
Member of the Board of Directors

Mr. Naif Al-Mesned obtained a Master's degree in Business Administration from Clark University, United States, and a Bachelor of Science degree in Accounting from King Fahd University of Petroleum and Minerals.

Mr. Naif has an illustrious professional career during which he held numerous executive positions, the most recent being the Chief Executive Officer and Managing Director of Al-Jazira Capital. He also served as the Head of Wealth Management at NCB Capital. Outside the realm of wealth management and investments, Mr. Naif Al-Mesned possesses extensive experience in various fields such as strategy formulation, business development, and governance, which he acquired through his professional career at several local and international institutions, including Barclays Saudi Arabia, the Saudi Capital Market Authority, Ernst & Young. He is the final non-executive member of the Board of Directors of Al-Jazira Takaful .

Executive member



Mr. Sager bin Abdullatif Nadershah
Managing Board Member

Mr. Sager is the Chief Executive Officer of Jazira Takaful and an independent board member of Etihad Etisalat Company "GO". He possesses extensive experience in the field of personal banking services and overall operations management in banking services.

Mr. Sager has held the position of General Manager of Personal Banking Services at Bank AlJazira and headed the Retail Banking Distribution Network and Channels Management at the same bank. He also served as Vice President and Head of Branch and Premium Services Management at Riyadh Bank. Additionally, he progressed through various positions at National Commercial Bank, where he worked as Regional Manager for the Western Region, Head of Sales and Relationship Managers Division, and Head of the Marketing and Cards Division. Furthermore, he held the position of Assistant General Manager at Saudi American Bank. Mr. Saqr holds a Bachelor of Science in Criminal Justice from Bethune-Cookman University in the United States. He completed the Management Development Program at Cranfield School of Management in the United Kingdom and the Executive Development Program at the International Institute for Management Development (IMD) in Switzerland.

Independent Member



Mr. Ibrahim bin Mohammed Al Hurabi
Member of the Board of Directors

Mr. Ibrahim possesses an extensive professional career and managerial experience in supervisory roles within financial institutions, where he has held several leadership positions. Mr. Ibrahim is an independent board member of Jazira Takaful. He also serves as a board member of Care International Company, and Al Amoudi Exchange, and Audit member of Deryah Financial Company, and chairman of audit committee of the Mamer Development and Investment Company.

Previously, Mr. Ibrahim held the position of Advisor at Nayif Al-Rajhi Investment Company and served as the First Vice President and Head of the Internal Audit Group at Bank Aljazira. He was also the General Manager of Finance and Administrative Affairs at the Communications and Information Technology Commission. Additionally, he held several positions at the Saudi Central Bank (SAMA), including Director of the Treasury and Issuance Department, Director of the Information Systems Security Control Section, Director of the Automated Audit Section in the Internal Audit Department, and Internal Auditor. Furthermore, he worked as an Internal Auditor at Ernst & Young. Mr. Ibrahim holds a Bachelor's degree in Sharia from Imam Muhammad bin Saud Islamic University and a Higher Diploma in Financial Control from the Institute of Public Administration.

Independent Member



Dr. Abdulkareem bin Hamad Al Nujidi.
Member of the Board of Directors

Dr. Abdulkareem is an independent board member of Jazira Takaful. He also a board member and chairman of the Nomination and Remuneration Committee of the Arab Group for Education and Training Company, as well as a board member of Abdullah Al-Othaim Markets Company. He has held the position of Chairman of the Board of Directors of Bloovo Platform and was the Chief Executive Officer and Managing Director of Mahara Human Resources Company. Additionally, he served as the Chairman of the Board of Directors of That Perfect Help Group. He has worked as the Chief Executive Officer of the National Gas and Industrialization Company and the Natural Gas Distribution Company. Dr. Abdulkareem has held several positions at the Human Resources Development Fund (HADAF), including General Manager, Executive Deputy General Manager, and Deputy General Manager for Training and Employment. He has also served as the Director of the Saudi Arabian Oil Company's Training and Development Academy and as the Chairman of the Board of Directors of Takamal Holding Company. **Dr. Abdulkareem** holds a Ph.D. in Philosophy, specializing in Linguistics and English Language Teaching, from Oklahoma State University in the United States. He also holds a Master of Business Administration from King Fahd University of Petroleum and Minerals in Saudi Arabia, a Master of Arts in Teaching English as a Second Language from Colorado State University in the United States, and a Bachelor's degree in Languages and Translation from Imam Muhammad bin Saud Islamic University in Saudi Arabia. Dr. Abdulkareem possesses an extensive professional career and managerial experience in the administrative, leadership, and human resources fields across various business sectors.

Independent Member



Mr. Yahya bin Saleh Al Mansour
Member of the Board of Directors

Mr. Yahya is an independent board member of Jazira Takaful. He also holds the position of Chief Executive Officer at Etihad Etisalat Company "GO". Previously, Mr. Yahya served as the Head of Sales and Distribution at Mobile Telecommunications Company Saudi Arabia "Zain" and as the Head of Enterprise Business at the same company. He participated in the establishment of the "Jawwy" platform under the Saudi Telecom Company (STC) and held the position of Head of Sales for the platform. Additionally, he held several positions at the Saudi Telecom Company (STC), including General Manager of Small and Medium Enterprise Sales, Advisor to the Group Chief Executive Officer, General Manager of Enterprise Sales Division, and Marketing Manager for Enterprise Services. Mr. Yahya holds a Master's degree in Business Administration from the University of Central Florida in the United States. He completed the Executive Leadership Program at the University of California, Berkeley in the United States, in addition to several executive programs at INSEAD, the Massachusetts Institute of Technology, Stanford Graduate School of Business, Columbia University's School of Arts and Sciences, and London Business School in the United States. Mr. Yahya possesses extensive practical experience in leading telecommunications and information technology companies in the Kingdom of Saudi Arabia.

• Board of Directors meetings for the year 2023 AD

Name	Number of meetings: Four meetings				
	First meeting: 19th of March, 2023	Second meeting: 20th of June, 2023	Third meeting: 25th of September, 2023	Fourth meeting: 26th and 27th of December, 2023	Total
1 Eng. Abdulmajeed Al-Sultan	√	√	√	√	4 meetings
2 Mr. Naif Alabdulkareem	√	√	√	√	4 meetings
3 Mr. Khaled Al Othman	√	√	√	√	4 meetings
4 Mr. Naif Al-Mesnad	√	√	√	√	4 meetings
5 Mr. Sager Nadershah	√	√	√	√	4 meetings
6 Mr. Ashraf Besisu	√	√	√	√	4 meetings
7 Mr. Ibrahim Al-Hurabi	√	√	√	√	4 meetings
8 Dr. Abdulkareem Al Nujidi	√	√	√	√	4 meetings
9 Mr. Yahya Al Mansour	√	√	√	√	4 meetings
Date of the last General Assembly meeting	<i>September 25, 2023 (second meeting)</i>				

• Membership of board members in other companies inside/outside the Kingdom of Saudi Arabia

#	Member Name	Names of companies in which the board member is currently serving as a member of its board of directors or among its directors.	Inside/ Outside KSA	Legal Form
1	Eng. Abdulmajeed Al-Sultan	- Consolidated Brothers Company - Al-Jazira Bank - Durra Sugar Industry - Olaat Development Company - Royal and Sun Insurance Company	Inside KSA Inside KSA Inside KSA Inside KSA Outside KSA	Unlisted company Listed joint stock company Unlisted company Unlisted company Unlisted company
2	Mr. Naif Al-Abdulkareem	- -Al Jazira Bank - Al-Jazira Financial Markets Company. - SIMAH Credit Information Company	Inside KSA	Listed joint stock company Closed joint stock company. A limited liability company.
3	Mr. Khaled Al Othman	- Aljazira Capital	Inside KSA	Closed joint stock company.
4	Mr. Sager Nadershah	- Etihad Atheeb Communications Company	Inside KSA	A public listed joint stock company.
5	Mr. Naif Al-Mesnad	- -Al-Jazira Financial Markets Company. - -Arab Cement Company. - Associations Support Fund	Inside KSA	Closed joint stock company A public listed joint stock Non-profit organization
6	Mr. Ashraf Besisu	- Solid Ventures LLC - Bahrain - Solid Capital LLC - Bahrain - First Insurance Company - Jordan - Solidarity Bahrain B.S.C - Bank of Bahrain and Kuwait - Arab War Risks Insurance Fund (ORS) - United Insurance - Bahrain	Outside KSA	Limited Liability Company Limited Liability Company A public listed joint stock. Bahraini joint stock company (listed on the Bahrain Stock Exchange) Bahraini joint stock company (listed on the Bahrain Stock Exchange) Solidarity Company

				Bahraini Joint Stock Company (Closed)
7	Dr. Abdulkareem Al Nujidi	- Yaqeen Financial Company (formerly FALCOM). - Abdullah Al Othaim Markets Company. - Arab Education and Training Holding Group Company.	Inside KSA	Closed joint stock company Closed joint stock company Closed joint stock company
8	Mr. Yahya Al Mansour		N/A	
9	Mr. Ibrahim Al-Hurabi.	- Derayah Finance Company. - Care International. - Mamer Development and Investment. - Al Amoudi Exchange.	Inside KSA	Closed joint stock company. Joint Stock Company Closed joint stock company Partnership company

- Statement regarding the dates of the general assemblies of shareholders and the names of the board members present at these assemblies.

#	Board Members Names	Attendance	
		Ordinary General Assembly 06-20-2023	Extraordinary General Assembly 09-25-2023
1	Eng. Abdulmajeed Al-Sultan	√	√
2	Mr. Naif Al-Abdulkareem	√	√
3	Mr. Khaled Al Othman	√	√
4	Mr. Naif Al-Mesnad	√	√
5	Mr. Sager Nadershah	√	√
6	Mr. Ashraf Besisu	√	√
7	Mr. Ibrahim Al-Hurabi.	√	√
8	Dr. Abdulkareem Al Nujidi	X	√
9	Mr. Yahya Al Mansour	√	√

Name	Fixed rewards							Variable rewards						End-of service award	Total	Expenses Allowance
	Specific amount	Allowance for attending board meetings	Total allowance for attending committee sessions	In-kind advantages	Remuneration for technical, administrative and consulting work	Remuneration of the Chairman, Managing Director, or Secretary if he is a member (net)	Total	Portion of profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
Independent members:																
Yahya Al Mansour	120	20	55	-	-	-	195	-	-	-	-	-	-	-	195	7
Abdulkareem Al Nujidi	120	20	60	-	-	-	200	-	-	-	-	-	-	-	200	3
Ibrahim Al-Hurabi	120	20	80	-	-	-	220	-	-	-	-	-	-	-	220	6
Non-executive members:																
Abdulmajeed Al-Sultan	180	20	60	-	-	-	260	-	-	-	-	-	-	-	260	6
Naif Al Abdulkareem	120	20	60	-	-	-	200	-	-	-	-	-	-	-	200	5
Khaled Al Othman	120	20	65	-	-	-	265	-	-	-	-	-	-	-	265	5
Ashraf Besisu	120	20	40	-	-	-	180	-	-	-	-	-	-	-	180	6
Naif Al-Mesnad	120	20	30	-	-	-	170	-	-	-	-	-	-	-	170	5
Executive members:																
Sager Nadershah	120	20	60	-	2,738	2,050	4,988	-	-	-	-	-	-	-	4,988	70
Total	1080	180	510	-	2,738	2,050	6,678	-	-	-	-	-	-	-	6,678	113

7.3 Board Committees:

The Board committees exercise their duties and responsibilities aimed at enhancing the level of supervision, control, and decision-making processes within the Company. The Board committees comprise members from the Board and members from outside the Board, nominated by the Board based on the regulations approved by the Company's General Assembly. All committees submit their reports directly to the Board of Directors.

1- Executive Committee:

The key purpose of the Executive Committee is to regularly monitor the Company's performance, review objectives, budgets, and financial plans before submitting them to the Board for approval, and ensure operations proceed according to the plans and strategies adopted by the Board of Directors. Please refer to the Board of Directors' members table shown above in item (a), which provides a brief overview of each member.

	Name	Membership Type	Number of meetings: Six meetings					
			First meeting 03-29-2023	Second meeting 06-20-2023	Third meeting 09-25-2023	Fourth meeting 10-24-2023	Fifth meeting 11-27-2023	Sixth meeting 12-14-2023
1	Eng. Abdulmajeed Sultan	Committee Chairman	√	√	√	√	√	√
2	Mr. Khaled Al-Othman	member	√	√	√	√	√	√
3	Mr. Sager Nadershah	member	√	√	√	√	√	√
4	Mr. Naif Al-Abdulkareem	member	√	√	√	√	√	√
5	Mr. Ashraf Besisu	member	√	√	√	√	√	√

- Committee Members Remuneration

Member Name	Fixed remuneration (except session attendance allowance)	Allowance for attending sessions	Total
Abdulmajeed Al-Sultan	-	30	30
Sager Nadrshah	-	30	30
Khaled Al Othman	-	30	30
Ashraf Besisu	-	30	30
Naif Al Abdul Karim	-	30	30

2. Audit Committee:

- **Committee Responsibilities and Duties:**

The members of the Audit Committee are appointed based on the recommendation of the Board of Directors to the General Assembly of Shareholders and after obtaining approvals from the relevant regulatory authorities. The Audit Committee consists of three members and includes members from outside the Board of Directors. The Audit Committee meets at least six times annually, and the Committee's decisions are documented in minutes prepared by the Committee's secretary and signed by the Chairman and members of the Committee.

The Committee monitors the performance and implementation of the Company's internal control system, to ensure the effectiveness and efficiency of applicable laws and regulations. It verifies the implementation of decisions related to the internal control system and ensures full compliance with all relevant laws and regulations. The Committee is accountable to the Company's Board of Directors and assists it in carrying out its responsibilities, the most important of which are:

- ✓ Ensuring the establishment of an effective internal control and compliance system.
- ✓ Reviewing the preliminary and annual financial statements and verifying their accuracy before presenting them to the Board.
- ✓ Monitoring and evaluating the work plans of the external auditors, the Internal Audit Department, and the Compliance Department, ensuring the effectiveness of their performance and assigned tasks, and assessing the efficiency and effectiveness of each one individually.
- **Committee Formation, Member Classification, Qualifications, Experiences, and Current and Previous Positions**

Independent member	Mr. Ibrahim Al-Hurabi Member of the Board of Directors	Refer to the table of Board of Directors members shown above in Clause No. 2.7, Paragraph (A), which shows a brief overview of the member.
External board member	Mr. Khalid Al-Khowaiter External board member	<p>Mr. Khalid is an experienced expert in board memberships, financial planning, accounting, costing, pricing and valuation, cash management, preparation of budgets and business plans, strategy analysis, insurance, recruitment, human resource management, risk analysis, and internal control. Mr. Al-Khuwaiter chairs the Professional Performance Quality Committee at the Saudi Organization for Certified Public Accountants (SOCPA). He also served as the Vice-Chair of the Accounting Standards Setting Committee at SOCPA. He has held several leadership roles, including Chief Executive Officer and Chief Financial Officer of Advanced Electronics Company Limited and Chairman of the Board of Directors of Advanced Aviation Simulation Company. He has previous and current board memberships, including the Saudi Navigation Company, Saudi Binladin Group, Jadwa Investment Company, and the Transition Team for International Financial Reporting Standards (IFRS).</p> <p>Mr. Al-Khuwaiter holds a Bachelor's degree in Accounting from King Saud University and passed the Certified Public Accountant (CPA) examination in the United States.</p>
External board member	Mr. Abdulkareem Al Shamekh External board member	<p>Mr. Abdulkareem has an extensive professional career and managerial experience in administration, leadership, business development, and strategy across various business sectors, where he has held several leadership positions and board memberships. These include serving as a member of the Audit Committee for Samnna Holding Group, Al-Sharqiya for Development Company, and the Saudi Binladin Group Global Holding Company. He has also held the position of Chief Executive Officer for several leading companies in the Saudi economy, such as the United Wire Products Company, the Global Petroleum Products Company, and the Arabian Oud Company. He holds a Bachelor's degree in Accounting from King Saud University.</p>

• Details of committee meetings

	Name	Membership Type	(8) meetings							
			First meeting 03-20-2023	Second meeting 05-16-2023	Third meeting 06-15-2023	Fourth meeting 06-21-2023	Fifth meeting 06-08-2023	Sixth meeting 09-18-2023	Seventh meeting 10-31-2023	Eighth meeting 12-21-2023
1	Ibrahim Al-Harabi	Committee Chairman	√	√	√	√	√	√	√	√
2	Khaled AlKhowaiter	member	√	√	√	√	√	√	√	√
3	Abdulkareem Al Shamekh	member	√	√	√	√	√	√	√	√

- **Remuneration of committee members**

Member name	Fixed remuneration (except session attendance allowance)	Allowance for attending sessions	Total
Ibrahim Al-Hurabi	-	40	40
AbdulKareem Al Shamekh	100	40	140
Khaled Al-Khowaiter	100	40	140

3. Risk Management Committee

It is a committee emanating from the Board of Directors and aims to support the Board in its corporate governance responsibilities related to risk management, in addition to assuming the responsibility of overseeing and monitoring the Company's risk management plan, related practices, and their implementation in relation to the risk management strategy approved by the Board of Directors. The committee's competencies and duties are as follows:

- ✓ Reviewing the organizational structure of risk management and making recommendations regarding it before its approval by the Board of Director
 - ✓ Verifying the independence of risk management employees from activities that may expose the Company to risks
 - ✓ Ensuring that risk management employees understand the risks surrounding the Company and work to increase awareness of risk culture.
 - ✓ Ensuring the availability of adequate resources and systems for risk management.
 - ✓ Reviewing matters raised by the Audit Committee that may affect risk management in the Company.
 - ✓ Identifying risks that the Company may be exposed to, maintaining an acceptable level of risk for the Company, and ensuring that the Company does not exceed it.
- **Committee Formation, Member Classification, Qualifications, Experiences, and Current and Previous Positions**

Independent member	Mr. Ibrahim Al-Hurabi Member of the Board of Directors	Refer to the table of Board of Directors members shown above in Clause No. 2.7, Paragraph (A), which shows a brief overview of the member.
Independent member	Dr. Abdulkareem Al Nujidi Member of the Board of Directors	Refer to the table of Board of Directors members shown above in Clause No. 2.7, Paragraph (A), which shows a brief overview of the member.
External board member	Mr. Osama Al-Ibrahim External board member	Mr. Osama is the First Vice President and Head of the Risk Management Group at "Al-Jazira Bank". He has previous and current experience in administrative and leadership roles within financial institutions, where he has held several positions in the financial sector. These include serving as the Client Relations Manager and Head of Client Relations Department at "Samba Financial Group". He also worked as the Head of Corporate Banking Services in the Kingdom and the Head of Corporate Banking Services at "Al-Jazira Bank". He holds a Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals.

• Details of committee meetings

	Name	Membership Type	(6) Meetings					
			First meeting 03-12-2023	Second meeting 06-19-2023	Third meeting 07-26-2023	Fourth meeting 09-17-2023	Fifth meeting 10-18-2023	Sixth meeting 2023-10-19
1	Mr. Ibrahim Al-Hurabi	Committee Chairman	√	√	√	√	√	√
2	Dr. Abdulkareem Al-Nujidi	member	√	√	√	√	√	√
3	Mr. Osama Al-Ibrahim	member	√	√	√	√	√	√

• Remuneration of committee members

Member name	Fixed remuneration (except session attendance allowance)	Allowance for attending sessions	Total
Ibrahim Al-Hurabi	-	30	30
Abdulkareem Al-Nujidi	-	30	30
Osama Al-Ibrahim	50	30	80

4. Investment Committee

The Board of Directors appoints (5) members in accordance with the regulations approved by the Company's General Assembly and after obtaining approvals from the relevant regulatory authorities. The committee submits its reports to the Board of Directors. The competencies and duties of the Investment Committee include supervising the implementation of the Company's investment policies after their approval by the Board of Directors, in a manner that ensures increased investment returns and does not conflict with the provisions of Islamic Sharia and the laws and regulations of the legislative authorities. To fulfill this responsibility, refer to the table of Board of Directors members shown above in Clause No. 7.2 , Paragraph (A), which shows a brief overview of each member .

- Details of committee meetings

	Name	Membership Type	(4) Meetings			
			First meeting 2023-03-29	Second meeting 2023-06-20	Third meeting 2023-09-25	Fourth meeting 2023-12-26
1	Mr. Naif Al-Mesnad	Committee Chairman	✓	✓	✓	✓
2	Eng. Abdulmajeed Al-Sultan	Member	✓	✓	✓	✓
3	Mr. Sager Nadershah	Member	✓	✓	✓	✓
4	Mr. Naif Al-Abdulkareem	Member	✓	✓	✓	✓
5	Mr. Yahya Al Mansour	Member	✓	✓	✓	✓

- Remuneration of committee members

Member name	Fixed remuneration (except session attendance allowance)	Allowance for attending sessions	Total
Abdulmajeed Al-Sultan	-	20	20
Naif Al-Mesnad	-	20	20
Sager Nadershah	-	20	20
Naif Al-Abdulkareem	-	20	20
Yahya Al Mansour	-	20	20

5. Nominations and Remuneration Committee

The Nomination and Remuneration Committee is one of the committees emanating from the Board of Directors. It is appointed based on the recommendation of the Board of Directors to the General Assembly of Shareholders and after obtaining the necessary

legislative approvals. The General Assembly of Shareholders also approves the committee's charter, which defines the tasks, responsibilities, and delegated authorities entrusted to the committee, as well as the conditions for appointment to its membership and its formation. The most prominent **competencies and duties** entrusted to the committee are as follows:

- ✓ Developing clear policies and criteria for membership in the Board of Directors and senior management.
 - ✓ Evaluating and monitoring the independence of the members of the Board of Directors and its emanating committees and ensuring no conflicts of interest exist.
 - ✓ Conducting an annual review of the required skills for appropriate membership in the Board of Directors and senior management.
 - ✓ Establishing clear policies for the compensation and remuneration of members of the Board of Directors, Board committees, and senior management in accordance with the Company's Articles of Association.
- **Committee Formation, Member Classification, Qualifications, Experiences, and Current and Previous Position:**

Independent member Non-executive member Independent member

<p>Dr. Abdul Kareem Al Nujidi Member of the Board of Directors</p>	<p>Refer to the table of Board of Directors members shown above in Clause No.7.2, Paragraph (A), which shows a brief overview of the member.</p>
<p>Mr. Khaled Al-Othman Member of the Board of Directors</p>	<p>Refer to the table of Board of Directors members shown above in Clause No.7.2, Paragraph (A), which shows a brief overview of the member.</p>
<p>Mr. Yahya Al Mansour Member of the Board of Directors</p>	<p>Refer to the table of Board of Directors members shown above in Clause No.7.2, Paragraph (A), which shows a brief overview of the member.</p>

External board member

Faisal Al Mansour
External board member

Mr. Faisal Al-Khudhair holds the position of Vice President and Head of the Human Capital and Institutional Support Group at Bank Al Jazira . Additionally, he serves as the Chairman of the Nomination and Compensation Committee at Al Jazira Capital Company.

Mr. Al-Khudhair has previously occupied the role of Head of the Human Capital Group at Bank Al Jazira and the Chief Human Capital Officer at the Tourism Development Fund. Furthermore, he has held several positions at the Saudi British Bank (SABB), including Head of Learning and Talent, Head of HR Service Delivery, Head of Recruitment, Senior HR Business Partner, HR Business Partner, and Assistant HR Business Partner.

Mr. Al-Khudhair is a holder of a Bachelor's degree in Management Information Systems from King Fahd University of Petroleum and Minerals. He has also completed numerous leadership and strategy programs at renowned international institutions, such as INSEAD (The European Institute of Business Administration) and IMD (International Institute for Management Development).

• Details of committee meetings

	Member Name	Membership Type	(5) Meetings				
			First meeting 03-07-2023	Second meeting 2023-05-14	Third meeting 2023-06-06	Fourth meeting 2023-09-19	Fifth meeting 2023-12-21
1	Dr. Abdulkareem Al Nujidi	Committee Chairman	✓	✓	✓	✓	✓
2	Mr. Faisal Al Mansour	Member	✓	X	✓	✓	X
3	Mr. Khaled Al Othman	Member	✓	✓	✓	✓	✓
4	Mr. Yahya Al Mansour	Member	✓	✓	✓	✓	✓

• Committee Members Remuneration

Member name	Fixed remuneration (except session attendance allowance)	Allowance for attending sessions	Total
Khaled Al Othman	-	25	25
Yahya Al Mansour	-	25	25
Abdulkareem Al-Nujidi	-	25	25
Faisal Al-Mansour	50	20	70

6. Sharia Board

The Sharia Board consists of three members who are not members of the Board of Directors and are specialized in Islamic economics. The Committee is responsible for providing Sharia opinion regarding the Company's activities to ensure their compliance with the provisions of Islamic Sharia. It should be noted that the Sharia Committee did not convene during the year 2023.

Sheikh Muhammad Ali Al-Qari bin Eid Chairman of the Sharia Board	Sheikh Youssef bin Abdullah Al-Shubaili Member of the Sharia Board	Sheikh Abdullah bin Abdulaziz Al-Musleh Member of the Sharia Board
<p>He is a member of the Sharia Board at both "Jadwa Investment Company" and "Alawal Bank". Additionally, he is an expert at the "International Islamic Fiqh Academy" under the "Organization of Islamic Cooperation", and the "Islamic Fiqh Academy" under the "Muslim World League". Previously, he has held several positions, including: Director of the Islamic Economics Research Center at "King Abdulaziz University", and a member of the Sharia Board at several financial institutions, such as "Alahli Commercial Bank", "Samba Financial Group", "Arab National Bank", and "Citi Islamic Investment Bank" in Bahrain. Furthermore, he was a member of the Sharia Council at the "Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)". He holds a PhD from the "University of California" in the United States of America and a Bachelor's degree from "King Abdulaziz University".</p>	<p>Dr. Yusuf is a Professor of Comparative Jurisprudence at the Higher Judicial Institute in the Kingdom of Saudi Arabia. He holds a Doctorate degree with First Honors in Comparative Jurisprudence from the Higher Judicial Institute at Imam Muhammad bin Saud Islamic University. He is a member of the Saudi Jurisprudence Association, the Saudi Judicial Scientific Association, and a former member of the Board of Directors of the Scientific Association for Islamic Banking. He serves as the Chairman and a member of numerous arbitration committees for commercial disputes.</p> <p>Dr. Yusuf possesses a wealth of experience through his various Sharia advisory roles.</p>	<p>Sheikh Abdullah holds the position of Vice Chairman of the Board of Trustees of the "International Islamic University Chittagong" and the Chairman of the Founding Council of the "American Open University". He is an advisor to the "College of Islamic and Arabic Studies" in Dubai and an Assistant Secretary-General of the "World Islamic Council for Dawah and Relief". He previously served as the Secretary-General of the "Global Commission on Scientific Miracles in the Quran and Sunnah". Additionally, he has held various positions at the "Imam Muhammad bin Saud Islamic University", including President, Dean of the College of Sharia and Fundamentals of Religion, Supervisor of the College of Arabic Language and Social Sciences, and Director of the University's Southern Branch. He also served as the Dean of the College of Sharia and Arabic Language in Abha.</p> <p>Sheikh Abdullah holds a Doctorate and Master's degree from the "Imam Muhammad bin Saud Islamic University" and a Bachelor's degree from the "College of Sharia" in the Kingdom of Saudi Arabia.</p>

• Committee Members Remuneration

Member name	Fixed remuneration (except session attendance allowance)	Allowance for attending sessions	Total
Sheikh Dr. Muhammad Al-Qari	50	-	50
Sheikh Dr. Youssef Al-Shubaili	50	-	50
Sheikh Dr. Abdullah Al-Musleh	50	-	50

7.4 Providing the members of the board of directors with shareholders' proposals and their observations regarding the company and its performance

In accordance with the relevant regulations and as a general principle, the Company ensures that shareholders have the ability to exercise all their statutory rights associated with the share to the fullest extent. This includes their right to submit proposals and observations regarding the Company and its performance during the Company's General Assembly meetings or through the Company's Investor Relations Department. All proposals and observations are presented to the non-executive members of the Board of Directors for appropriate action.

7.5 Means of evaluating the performance of the Board of Directors, its members, and the emanating committees, as well as the external entity that conducts the evaluation and its relationship with the Company.

In accordance with the supervisory directives contained in the Corporate Governance Regulations and the Company's Corporate Governance Manual, the Company's Board of Directors annually evaluates the effectiveness of its members and the extent of their participation in its work, whether individually or as a group, including the effectiveness of the committees emanating from the Board. The Nomination and Remuneration Committee of Al-Jazira Takaful has designed a framework for evaluating the work of the Board and its sub-committees. The outputs of the evaluation process have been submitted to the Nomination and Remuneration Committee for review and making the necessary recommendations to the Board of Directors for discussion and taking appropriate decisions. The Board may make the necessary arrangements to obtain an external evaluation of its performance every three years, if necessary.

The results of the evaluation for the year 2023, conducted by the Company through the "Boards of Directors Institute in the Gulf Cooperation Council Countries," indicated that the Board of Directors and its emanating committees have carried out their duties and responsibilities effectively. They possess sufficient knowledge and experience to carry out the work of the Board in accordance with the responsibilities and roles stipulated in the regulatory legislation and governance rules, as well as the committees' work regulations.

7.6 Remuneration policy and the method of determining the remuneration of members of the Board of Directors, the committees emanating from the Board, and the executive management.

The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, determines the remuneration of each member of the Board of Directors, committee member from the Board members, committee member from non-Board members, and the senior management, in accordance with the regulatory controls approved by the Board of Directors and the remuneration policy for the

members of the Board of Directors, its emanating committees, and the senior management approved by the General Assembly of the Company. Accordingly, the member is entitled to the granted remuneration.

The remuneration of the members of the Board of Directors and its emanating committees consists of fixed amounts, attendance allowances for Board meetings, in-kind benefits, or a certain percentage of the net profits (distributed to some or all members of the emanating committees if the Company achieves profits at the end of the fiscal year). The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, after deducting the reserves decided by the General Assembly in accordance with 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, may decide that this remuneration shall be proportional to the number of sessions attended by the member and linked to the Nomination and Remuneration Committee's evaluation of their tasks, responsibilities, and performance during the year.

In all cases, the total remuneration and financial or in-kind benefits received by a member of the Board of Directors or any member of the emanating committees shall not exceed SAR 500,000 (five hundred thousand Saudi Riyals) annually. This maximum limit does not apply to members of the Audit Committee.

The remuneration of the senior management ("performance remuneration") is directly linked to the levels of individual and collective performance and the Company's financial results. In order to encourage the Managing Director and members of the senior management (the "Member") to ensure the long-term success of the Company, Al-Jazira Takaful has linked the remuneration to long-term performance by linking the variable remuneration to the achievement of the Company's strategy for the next five years. The variable remuneration will be paid to the senior management in accordance with the regulatory controls approved by the Board of Directors and the remuneration policy for members of the Board of Directors, its emanating committees, and the senior management approved by the Company's General Assembly.

7.7 The relationship between the granted remunerations and the applicable remuneration policy, and a statement of any material deviation from this policy.

Al-Jazira Takaful follows the legislation, instructions issued by the relevant regulatory authorities, the regulatory controls approved by the Board of Directors, and the remuneration policy for members of the Board of Directors, its emanating committees, and the senior management approved by the General Assembly of the Company when disbursing remunerations and compensations to members of the Board of Directors, the committees emanating from the Board, and the senior management. There is no material deviation from the current remuneration policy from what has been approved by the General Assembly.

7.8 Executive Management

The members of the senior management report to the Managing Director (except for the Internal Audit and Compliance departments, which report functionally to the Audit Committee emanating from the Board of Directors), and their responsibilities include implementing the Company's strategic plans, managing its daily operations, establishing the necessary procedures for identifying, measuring and mitigating risks and monitoring them, in addition to setting the necessary policies and procedures to ensure operational efficiency and the effectiveness of the internal control system, including document retention, account review, ensuring the Company's operations are in accordance with the Board of Directors' directives, submitting the required reports to it at the specified times, and ensuring compliance with all regulatory and supervisory requirements to the fullest extent possible.

1- Mr. Abdullah bin Ahmed Al-Qarni

The Executive Head of Internal Audit and Secretary of the Board of Directors. He enjoys extensive experience in financial institutions by holding several positions in control departments and managing boards of directors and their emanating committees, including his work as Director of Internal Audit at "Gulf International Bank", "Swicorp Financial Company", and "Bank Al Jazira ". He also held the position of Anti-Money Laundering and Counter-Terrorist Financing Officer and Compliance Officer at "Bank Al Jazira " and Head of Compliance at "Al-Jazira Takaful ".

He holds a Bachelor's degree in English Language from King Faisal University and a Master's degree in Business Administration from Al-Faisal University.

2- Mr. Mohammad bin Hamad Al-Saqor.

The Head of Operations at the Company. He has extensive experience in the field of compliance, operations, collections management, procurement, and customer service in financial institutions. He has held several managerial and leadership positions, including Head of Compliance at "Al-Jazira Takaful ", Takaful Products Service Manager, Head of Operations, Senior Collections Manager, and Senior Compliance Manager at "SABB Takaful".

He holds a Bachelor's degree in Business Administration from King Faisal University.

3- Mr. Mohammad bin Awaidah Al-Yami

The Head of Compliance and Secretary of the Audit Committee. His professional career spans regulatory control, compliance, and governance in the financial sector, holding several leadership and managerial positions, including Head of Compliance at "Salama Cooperative Insurance Company" and Compliance Manager at both "ARCC Cooperative Insurance Company" and "Al-Ittihad Insurance Company".

He holds a Bachelor's degree in Business Administration from King Faisal University and holds numerous academic and professional certificates and qualifications.

4- Mrs. Nidaa Abu Bakr Abbadi

The Vice President of Human Resources Department and the Secretary of the Nomination and Remuneration Committee. She holds a Bachelor's degree in Human Resources Management from the University of East London and a Master's degree in Business and International Management from the University of Westminster, London. She has held several managerial positions, including Director of Development and Training at "Al-Jazira Takaful ", as well as Human Resources Operations Supervisor and Human Resources Officer at "Safwa Company".

5- Mrs. Samaher bint Fahd Al-almi

The Chief Financial Officer of "Al-Jazira Takaful ". She has progressed through various positions during her tenure with the company, starting as an Accounts Manager, then

as an Acting Chief Financial Officer. She possesses knowledge and experience in preparing financial statements and accounting through her work at one of the licensed accounting firms, where she held the positions of Senior Auditor, Auditor, and Assistant Auditor at "KPMG".

She holds a Bachelor's degree in Accounting from the University of Business and Technology and holds numerous professional certificates and qualifications.

6- Mr. Abdullah bin Mohammad Al-Yami

The Head of Sales and Marketing Department at the company. He has also held the position of Senior Business Development Manager at "Taamini Company", Acting Head of Sales, and Head of the Individuals and Small Establishments Department at "Salama Cooperative Insurance Company", Sales Points Manager at "Al Ittihad Al Khaleej Insurance Company", and Credit and Accounts Receivable Manager at "Malath Insurance Company". He holds a Bachelor's degree in Accounting from King Saud University. He possesses comprehensive knowledge and extensive experience in the administrative and insurance fields, as well as sales strategies, insurance products, and customer service.

7- Eng. Mohammad Mansour Bukhari

The Head of Information Security Department at the company. He holds a Bachelor's degree in Software Engineering from Yanbu University College and a Master's degree in Industrial Engineering from the University of New Haven. He holds the position of Head of Information Security at the company. Eng. Mohammad possesses professional experience in the field of information engineering and security, having served as an Information Security Engineer at "Saudi Aramco Mobil Refinery Company Limited (SAMREF)". He also holds numerous professional certificates and qualifications.

8- Mr. Syed Ahmed Baibani

The Head of Actuarial Services Department at the company. He holds a Bachelor's degree in Actuarial Science and Risk Management from the Institute of Business Management and is an Associate Member of the Actuarial Association. He possesses expertise and knowledge in the insurance field, particularly in pricing, insurance

product development, and risk management, having served as the Senior Actuarial and Reinsurance Manager at "Adamjee Life Assurance Company".

9- Mr. Mohammad bin Munir Quds

He holds the position of Director of Reinsurance Department at the company. He has progressed through various positions within the company, starting as a Reinsurance Officer, then Reinsurance Manager, and finally Senior Reinsurance Manager. He holds a Bachelor's degree in Business Administration from King Abdulaziz University and a Master's degree in Business Information Technology from DePaul University in Chicago. He possesses experience in risk management, financial operations, and the insurance industry, having served as the Information Systems Management Officer at Al Ahli Commercial Bank.

10- Mr. Abdulaziz bin Ahmed Al-Qahtani

The Head of Customer Care Department at the company. He possesses experience in after-sales services for individuals and companies, as well as in developing policies and procedures related to customer care and complaint handling in financial institutions. He has held the position of Customer Care Manager at "Dar Al Tamleek Real Estate Finance Company" and Quality of Service and Complaints Manager at the same company, as well as a Customer Service Officer at "Ma'aref Training and Education Company". He holds a Bachelor's degree in Arts from Jizan University.

- **Schedule of rewards and remuneration for senior executives**

Description	Five senior executives who received the highest rewards and compensation, including the Managing Director and the Financial Director (one thousand Saudi riyals)
Salaries and compensation	3,839
Allowances	1,450
Periodic and annual rewards	3,190
Indemnity	295
Incentive plans	
Any other compensation or in-kind benefits are paid monthly or annually	N/A

Eighth: Governance System at Al-Jazira Takaful

The Board of Directors of Al-Jazira Takaful attaches great importance to the company's governance standards due to their impact on increasing transparency and protecting the interests of shareholders and customers in light of following best practices and policies in governance .

The company has adopted procedures that would establish a sound governance culture within it. These procedures emphasize the company's commitment to financial transparency, principles of fairness, and disclosure of financial information, as well as providing this information to all users, including regulatory authorities, customers, business partners, and other stakeholders.

Corporate governance involves an internal system that includes policies, individuals, and processes aimed at achieving the interests of shareholders and other stakeholders through effective guidance and monitoring of managerial activities. The Board of Directors of Al-Jazira Takaful is committed to complying with the corporate governance requirements issued by the Capital Market Authority's Board, as well as the insurance authority and regulations and instructions issued by other relevant authorities, regarding establishing an effective legal framework for corporate governance through the development of the following:

1. Defining the competencies of the Board of Directors and the executive management, and their responsibilities.
2. Activating the role of the Board of Directors and committees, and developing their efficiency to enhance decision-making mechanisms in the company.
3. Transparency and integrity are principles that the company's Board of Directors focuses on, keeping shareholders fully informed of all developments through effective communication with them.
4. Enhancing the company's internal control mechanisms and systems, where the Audit Committee is mandated to monitor the company's operations, verify the integrity and honesty of reports and financial statements, internal control systems, compliance with legal and regulatory requirements, and approved policies in the company, as well as ensuring the efficiency and independence of the external auditor, and supervising the performance of internal audit activity, compliance management, and internal auditors.

5. Considering the rights of stakeholders and establishing a general framework for them.

From this standpoint, Al Jazeera Takaful Company was keen to comply with all the mandatory requirements included in the Corporate Governance Regulations issued by a decision of the Capital Market Authority Board, amended No. 8-5-2023 dated 18/01/2023 AD, with the exception of what is stipulated in this regulation and the articles listed as follows:

Article	Article requirements	Reason
7 Paragraph D	The Company shall appoint a person responsible for the tasks related to investor relations in the Company in order to achieve effective and fair communication between the Company and the shareholders.	Guidance Paragraph
84	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Guiding Article
85	The Board shall establish programmers and determine the necessary methods for proposing social initiatives by the Company, which include: 1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities; 2) disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility; 3) disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and 2) 4) establishing awareness programmers to the community to familiarise them with the Company's social responsibility.	Guiding Article
90	Five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them	Guidance Paragraph
92	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Guidance article

- Shareholders Register

SN	Request Type	Request Date	Request Reason
1	Quantities - at the identity level (B)	August 23, 2023	Other
2	Quantities - at the identity level (B)	June 20, 2023	General Assembly
3	Quantities - at the identity level (A)	June 20, 2023	Other
4	Quantities - at the identity level (A)	June 14, 2023	Other
5	Quantities - at the identity level (A)	March 15, 2023	Other
6	Quantities - at the identity level (A)	February 26, 2023	Other
7	Quantities - at the identity level (B)	September 25, 2023	General Assembly

Ninth: Audit Committee Report on the Annual Review Results of the Effectiveness of Internal Control Procedures.

The management of Al Jazira Takaful Company is responsible for establishing and maintaining a comprehensive and effective internal control framework that includes policies, procedures, operations, and information systems approved by the Board of Directors to facilitate efficient and highly effective operations. The internal control system ensures the quality of external and internal reports, the maintenance of records and appropriate procedures, compliance with applicable rules, regulations, and internal policies regarding workflow. However, the responsibility for any internal control system lies with the Board of Directors, and the internal control system is designed to manage, not eliminate, risks of failing to achieve Al Jazira Takaful Company's strategic objectives.

In 2023, Al Jazira Takaful Company made every effort to ensure the continued operation of the internal control system in accordance with the instructions, regulations, and regulations related to control issued by the Insurance Commission, which represents ongoing measures to identify, assess, and manage significant risks facing the company. The observations of internal auditors/external auditors and the Insurance Commission inspection and supervisory team during their inspection visits

were reviewed, and necessary actions were taken by the Board of Directors, the Audit Committee, and also the executive management to address those observations to protect the company's interests.

The company follows a regulatory framework based on three lines of defense:

First line of defense: Various departments within the company align their activities in accordance with the established and approved regulations and regulations from relevant authorities.

Second line of defense: While various control departments, represented by compliance management, risk management, financial management, and information security management, serve as the second line of defense, they assess, measure, and monitor different levels of risks across all levels of daily operations in accordance with their assigned roles to ensure consistency with established controls and compliance with regulatory, legislative, and regulatory requirements in this regard. These departments submit their periodic reports to internal administrative committees and committees of the Board as outlined in the committee work regulations, including the Risk Management Committee derived from the Board of Directors.

Third line of defense: The Internal Audit Department serves as the third line of defense and is responsible for conducting necessary examinations and reviews according to the internal audit plan, expressing opinions on them to the relevant parties, monitoring the correction plan, and submitting the necessary reports to the Audit Committee periodically.

In general, reasonable assurance has been obtained about the availability of internal control procedures and systems, ensuring that these procedures cover important control aspects that significantly impact the company's performance of its duties regarding the effectiveness of internal control measures in various company activities.

- Evaluation by the Audit Committee on the adequacy of the company's internal control procedures:

The executive management is responsible for designing an effective internal control system and maintaining its effectiveness and efficiency, which includes all policies, procedures, and operations, designed under the supervision of the Board of Directors

to achieve the company's strategic objectives. The company's internal control system has been designed in accordance with the recommendations of regulatory and supervisory authorities, and the company evaluates and monitors the internal control system through its control departments and relevant committees.

The Audit Committee reviewed various reports on the adequacy of internal control procedures and systems, including financial statements, actuarial expert reports, internal audit reports, compliance and anti-money laundering reports, and financing of terrorism reports. The committee also reviewed and monitored the corrective action plans submitted by the executive management and provided independent opinions to the Board of Directors on their adequacy and effectiveness. The committee documented its discussions and decisions in the meeting minutes and regularly raised issues requiring attention to the Board of Directors. During this year, the Audit Committee members held meetings with the head of internal audit, head of compliance, representatives of financial management, external auditors, as well as representatives of actuarial services and appointed actuaries, and representatives of Deloitte & Touche to implement International Standard No. 17, where they were briefed on the latest developments concerning matters requiring the committee's attention. Additionally, the committee received internal audit reports, regulatory authority reports, as well as external auditor reports issued to management during the year, reviewed the management's action plans for the raised issues, and ensured compliance with the established plan requirements. The Audit Committee also reviewed the effectiveness of the internal control system and compliance procedures in Al Jazira Takaful Company and the relevant regulatory and legal requirements in the Kingdom of Saudi Arabia, and whether the management has fulfilled its duty by establishing effective internal control systems and seeking independent confirmation through internal audit management to evaluate the adequacy and effectiveness of these internal control .

Based on the reviews conducted during the year 2023 and the periodic reports presented to the Audit Committee since the inception of its membership from internal control departments such as Internal Audit, Compliance, Risk Management, and external regulatory bodies such as actuarial expert reports, external auditor reports, and Deloitte & Touche reports related to the implementation of International Standard No. 17, as well as reports from other regulatory and supervisory authorities.

Based on the confirmations and annual disclosures obtained from the executive management, the Audit Committee reasonably believes that the current internal control system is functioning acceptably. However, there is a need to improve some elements and components of the internal control system and evaluate them for the past fiscal year to enhance their efficiency in achieving the desired objectives according to best practices in this regard. Especially regarding the completion of the automation of information technology systems. It is worth noting that any internal control system, regardless of its design integrity and implementation effectiveness, cannot provide absolute assurance .

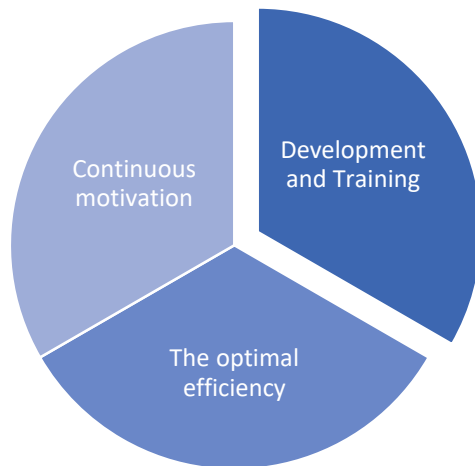
Tenth: Audit Committee Recommendations

- 10.1 There are no significant recommendations provided by the Audit Committee in Al Jazira Cooperative Insurance Company in accordance with Article 87 of the Corporate Governance Regulations.
- 10.2 Based on the recommendation of the Audit Committee to the Board of Directors of the company, the General Assembly approved the appointment of (KPMG Al Fozan & Partners) and (Dr. Mohammed Al-Omari & Partners) as the auditors of the company from among the candidates. This is for examining, reviewing, and auditing the financial statements for the second and third quarters and the annual financial year 2023, as well as the first quarter of the financial year 2024, and determining their fees.

Eleventh: Human Resources "Partners in Success"

Al Jazira Takaful Family

Since its establishment, Al Jazira Takaful Cooperative Insurance Company has recognized the importance of its human capital in its journey of growth and development. It acknowledges that success is contingent upon nurturing this vital element. Therefore, it has prioritized three important pillars to create a healthy and successful work environment, enabling it to showcase its achievements as an integral part of this ecosystem.



- **Development and Training**

Training receives significant attention at all levels of management due to its effective role in individual development, enhancing job skills, and improving performance quality. The company has developed training and development strategies and implemented a job development program and talent development. In 2023, Al Jazira Takaful Cooperative provided approximately 1900 training hours through various courses organized by the Human Resources department in various fields for more than 20 partners. Business success stems from continuous investment in highly capable and competent human resources.

- **The optimal efficiency**

The company has continued its ongoing efforts to enhance efficiency and quality through the initiatives undertaken by the Human Resources Management. This includes implementing succession planning and replacement programs at various management levels, as well as developing personal development programs and career

progression plans. Additionally, the company has adopted setting individual goals for each employee and developing performance evaluation tools to motivate and ensure the continuity of qualified personnel, contributing to achieving the company's objectives and improving work standards .

- **Continuous motivation**

The Company seeks to create a healthy and attractive work environment, and to foster the employee's desire to work with passion, dedication, and harmony, which contributes to channeling efforts towards enhancing efficiency and work quality to achieve the Company's goals and mission to the fullest extent. The Company has been keen on designing motivational programs, including but not limited to, the "Thank You" program, the "Ideal Performance" program, the "Initiator" program, and the "Deputy Member's Golden Star." Additionally, the Company has striven to provide services and benefits for its employees, such as "Protection Insurance," "Health Insurance," and the "Our Solidarity" program. Furthermore, the Company has endeavored to ensure that its employees receive the best services, offers, and benefits from service providers, thereby strengthening and reinforcing the relationship between appreciation and achievement. The Company pays employee benefits and compensations in accordance with the Labor Law and Regulations of the Kingdom. The total end-of-service benefit provision for the Company's employees as of December 31, 2023, amounted to SAR 5,798,528.

Twelve: Social Responsibility

No social contributions made by the company during the fiscal year 2023.

Thirteen: Approved Accounting Standards

The company's financial statements have been prepared in accordance with the company's financial statements were prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, and other standards and instructions issued by the Saudi Authority for Auditors and Accountants and other relevant parties, and in line with the corporate system in force in the Kingdom of Saudi Arabia and the company's bylaws.

Fourteen: Risk Model

A. Risk Management

The Company's activities involve risks, but these risks are managed through a continuous process of risk identification, measurement, and monitoring subject to risk limits and other controls. This risk management process is critical to ensuring the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to their responsibilities. The Company's policy is therefore to monitor risk exposures on its business through a strategic planning process. The strategic planning process takes into account the impact of market conditions and available expertise in the inherent risks to which the Company is exposed.

RISK MANAGEMENT

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability, and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company's policy is to monitor business risk through strategic planning process. The strategy considers the impact of market conditions and available expertise on inherent risks to which the Company is exposed. The Company is exposed to insurance, reinsurance, regulatory framework, credit, liquidity, foreign currency, commission rate, and market risk.

Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, mitigate, and control risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Senior management

Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's Board authorised risk appetite parameters.

Audit Committee

The Audit Committee is elected by the General Assembly. The Audit Committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting and risk management, the audit thereof and the soundness of the internal controls of the Company.

Risk Committee

The Risk Committee is elected by the Board of Directors. The Risk Committee is responsible for the Company's risk management strategy to ensure that the Company's exposure to risks is minimal.

Internal Audit

All key operational, financial and risk management processes are audited by Internal Audit. Internal Audit examines the adequacy of the relevant policies and procedures, the Company's compliance with internal policies and regulatory guidelines. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

The risks faced by the Company and the manner in which these risks are mitigated by management are summarized below:

24.1 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from factors other than credit, market and liquidity risks such as those arising from regulatory requirements. Operational risks arise from all of the Company's activities. The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks, and the adequacy of controls and procedures to address those risks;
- Ethical and business standards; and
- Risk mitigation policies and procedures.

24.2 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. For longer tail claims that take some years to settle, there is also inflation risk. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The Head of Operations manages this risk by ensuring that adequate reinsurance cover is taken to restrict the maximum loss payable for any individual claim.

24.2 Insurance risk (continued)

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risk's mitigation programme

Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to

reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory. The Company's motor portfolio is reinsured under a non-proportional treaty arrangement.

a) Concentration of insurance risk

The Company monitors the concentration of insurance risks primarily by class of business. The major concentration lies in medical, individual life, and group life segments. The Company also monitors the concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk, a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company. Since the Company does not have any foreign operations, hence, all the insurance risks relate to policies written in Saudi Arabia.

b) Frequency and severity of claims

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The frequency and severity of claims can be affected by several factors like natural disasters, floods, environmental and economic, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risks through conservative underwriting strategies and effective use of reinsurance arrangements. The Company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes, and flood damage). The purpose of

these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 10% of equity on a gross basis and 2% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of equity. The Board of Directors may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Medical

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risks and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular view of actual claims experience and product pricing, as well as detailed claims handling procedures. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company. The Company has reinsurance cover to limit the losses for any individual claim.

Motor

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. In the current year, the Company has only underwritten comprehensive policies for owner/drivers over 18 years of age. The Company also has risk management procedures to control cost of claims. The Company has reinsurance cover to limit the losses for any individual claim.

General

General contracts mainly include the property, engineering and marine subclasses. Property insurance contracts, with the main peril being fire, accidental damage and other allied perils resulting therefrom are underwritten either on a replacement value or on a market value basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties and the time taken to reinstate the operations to its pre-loss position in the case of business interruption are the main factors that influence the level of claims. In respect of accumulation of the retentions under the property business, this is covered by proportional as well as non-proportional treaties.

b) Frequency and severity of claims (continued)

The engineering business includes long term Erection All Risks (EAR) and Contractor All Risk (CAR) policies and annual policies for Machinery Break Down (MBD), Machinery All Risk, Electronic Data Processing, Business Interruption in conjunction with MBD. The long tail EAR/CAR policies cover various projects for the whole project period. Selection of the risks and proper underwriting are the criteria for this line of business. These are adequately covered under the Engineering proportional and non-proportional treaties. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargo. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of cargo, vessels and shipping routes covered. The Company has reinsurance cover to limit losses for any individual claim.

Individual Life and Group life

For individual life business, the main risk is the mortality and morbidity (permanent or temporary disability) of the insured. This is managed through an effective and clearly defined underwriting strategy. There are various levels of understanding carried out, including declaration of good health, medical questionnaire, reports from specialist/consultants and comprehensive medical tests.

The Company also assesses financial, lifestyle and occupational information to ascertain the degree of risk carried by the insured and to determine whether or not it could be classified as a standard life.

For group life and group credit protection, the main risks are mortality and morbidity (permanent or temporary disability) of the insured. The mortality risk is compounded due to the concentration of lives, for e.g. employees in the same workplace. The Company has a clearly defined underwriting strategy. There are various levels of understanding carried out, including declaration of good health, medical questionnaire, reports from specialist/consultants and comprehensive medical tests. The Company also looks at the Type of activity carried out by the group, group size, mix of lives by geographical regions, cultural background and manual/non-manual worker split.

The individual life business and group credit protection portfolios are protected through an efficient reinsurance arrangement. This protects the Company from adverse mortality/morbidity experience.

c) Sources of uncertainty in estimation of future probable claim payments

The key source of estimation uncertainty at the balance sheet date relates to the valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgement and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, one-off occurrence, changes in market factors such as public attitude to claiming, and economic conditions. Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation, affect the estimates. In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

d) Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The Type of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case-by-case basis with due regard to claim circumstances, information available from surveyors, and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level, and a separate calculation is carried out to estimate the size of the

reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of the balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

e) Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain. The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years spanning a number of financial years.

Claims triangulation analysis for the non-life and group life portfolios by accident year spanning a number of financial years is as follows:

2023								
Accident year (SAR'000)	2018 & earlier	2019	2020	2021	2022	2023	Total	
Undiscounted liabilities for incurred claims, gross of reinsurance:								
At end of accident year	749,883	286,284	303,394	150,248	94,906	171,175	1,755,890	
1 year later	842,309	340,085	352,268	161,676	114,211	--	1,810,549	
2 years later	860,280	343,239	357,502	163,547	--	--	1,724,568	
3 years later	860,848	344,106	357,864	--	--	--	1,562,818	

4 years later	861,959	344,309	--	--	--	--	1,206,268
5 years later	863,300	--	--	--	--	--	863,300
Gross estimates of the undiscounted amount of the claims	863,300	344,309	357,864	163,547	114,211	171,175	2,014,406
Cumulative gross claims and other incurred insurance service expenses paid	(839,972)	(336,737)	(349,259)	(158,118)	(106,832)	(120,030)	(1,910,948)
Gross undiscounted liabilities for incurred claims	23,328	7,572	8,605	5,429	7,379	51,145	103,458
Gross undiscounted liabilities for other incurred insurance service expenses							44,299
Effect of surplus distribution payable							3,291
Effect of discounting							(2,727)
Gross discounted liabilities for incurred claims excluding risk adjustment (note 7.2.1 & 7.2.5)							148,321
Effect of the risk adjustment margin for non-financial risk (note 7.2.1 & 7.2.5)							4,318
Gross liabilities for incurred claims							152,639

Claims triangulation analysis for the non-life and group life portfolios by accident year spanning a number of financial years is as follows:

2023							
Accident year (SAR'000)	2018 & earlier	2019	2020	2021	2022	2023	Total
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	694,175	264,750	279,411	130,734	73,343	136,657	1,579,070
1 year later	763,188	315,433	323,893	140,007	85,883	--	1,628,404
2 years later	770,265	317,431	327,295	140,308	--	--	1,555,299
3 years later	770,818	318,276	327,657	--	--	--	1,416,751
4 years later	771,204	318,461	--	--	--	--	1,089,665
5 years later	772,635	--	--	--	--	--	772,635
Net estimates of the undiscounted amount of the claims	772,635	318,461	327,657	140,308	85,883	136,657	1,781,601

Cumulative net claims and other incurred insurance service expenses paid	(764,489)	(314,280)	(322,640)	(137,162)	(81,582)	(99,369)	(1,719,522)
<hr/>							
Net undiscounted liabilities for incurred claims							62,079
Net undiscounted liabilities for other incurred insurance service expenses							44,140
Effect of surplus distribution payable							3,291
Effect of discounting							(1,512)
Net discounted liabilities for incurred claims excluding risk adjustment							107,998
Effect of the risk adjustment margin for non-financial risk							3,056
Net liabilities for incurred claims							111,054

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
	<i>SAR'000</i>		
Gross liabilities for incurred claims	148,321	4,318	152,639
Amounts recoverable from reinsurers	(40,323)	(1,262)	(41,585)
Net liabilities for incurred claims	107,998	3,056	111,054

Claims triangulation analysis for the non-life and group life portfolios by accident year spanning a number of financial years is as follows:

	2017 & earlier	2018	2019	2020	2021	2022	Total
2022							
Accident year	<hr/>						
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	644,041	122,413	284,030	302,565	150,552	125,350	1,628,951
1 year later	699,661	156,000	337,299	348,253	161,198	--	1,702,411
2 years later	708,427	159,422	340,453	352,357	--	--	1,560,659

3 years later	720,579	159,598	341,321	--	--	--	1,221,498
4 years later	720,810	159,624	--	--	--	--	880,434
5 years later	721,251	--	--	--	--	--	721,251
Gross estimates of the undiscounted amount of the claims	721,251	159,624	341,321	352,357	161,198	125,350	1,861,101
Cumulative gross claims and other incurred insurance service expenses paid	(686,693)	(152,147)	(336,336)	(346,586)	(153,942)	(69,993)	(1,745,697)
Gross undiscounted liabilities for incurred claims							115,404
Gross undiscounted liabilities for other incurred insurance service expenses							34,074
Effect of surplus distribution payable							916
Effect of discounting							(2,405)
Gross discounted liabilities for incurred claims excluding risk adjustment							147,989
Effect of the risk adjustment margin for non-financial risk							6,376
Gross liabilities for incurred claims							154,365

Claims triangulation analysis for the non-life and group life portfolios by accident year spanning a number of financial years is as follows:

2022	2017 & earlier	2018	2019	2020	2021	2022	Total
Accident year							
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	572,745	114,807	264,177	279,283	133,910	95,539	1,460,461
1 year later	620,081	140,371	314,705	322,709	142,493	-	1,540,359
2 years later	627,641	142,634	316,700	325,551	-	-	1,412,526
3 years later	629,896	142,811	317,544	-	-	-	1,090,251
4 years later	630,071	142,837	-	-	-	-	772,908
5 years later	630,559	-	-	-	-	-	630,559

Net estimates of the undiscounted amount of the claims	630,559	142,837	317,544	325,551	142,493	95,539	1,654,523
Cumulative Net claims and other directly attributable expenses paid	(625,019)	(138,475)	(313,876)	(320,622)	(135,778)	(57,388)	(1,591,158)
Net undiscounted liabilities for incurred claims							63,365
Net undiscounted liabilities for other incurred insurance service expenses							41,604
Effect of surplus distribution payable							916
Effect of discounting							(1,323)
Net discounted liabilities for incurred claims excluding risk adjustment							104,562
Effect of the risk adjustment margin for non-financial risk							4,578
Net liabilities for incurred claims							109,140

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	147,989	6,376	154,365
Amounts recoverable from reinsurers	(43,427)	(1,798)	(45,225)
Net liabilities for incurred claims	104,562	4,578	109,140

f) Sensitivities on major assumptions considered while applying IFRS 17

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before zakat and income tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant

assumptions is consistent for both reporting periods. The impact of sensitivities to changes in discount rates is minimal therefore not presented.

The Company believes that the claim liabilities under insurance contracts outstanding at the reporting periods below are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the financial statements. The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variable such as legislative changes or uncertainties in the estimation process.

Following are the sensitivities derived for the portfolios computed under PAA approach before risk mitigation by reinsurance contracts held:

	31 December 2023		31 December 2022	
	(SAR'000)		(SAR'000)	
	Impact on profit before zakat and income tax	Impact on equity	Impact on profit before zakat and income tax	Impact on equity
Change in estimates of present value of FCF				
Unpaid claims and expenses increase by 5%	(7,416)	(6,674)	(7,399)	(6,659)
Unpaid claims and expenses decrease by 5%	7,416	6,674	7,399	6,659
Change in risk adjustment for non-financial risk				
5 percentiles increase in the confidence level	(135)	(122)	(751)	(676)
5 percentiles decrease in the confidence level	135	122	751	676

Following are the sensitivities derived for the portfolios computed under PAA approach after risk mitigation by reinsurance contracts held:

	31 December 2023		31 December 2022	
	(SAR'000)		(SAR'000)	
	Impact on profit before zakat and income tax	Impact on equity	Impact on profit before zakat and income tax	Impact on equity
Change in estimates of present value of FCF				
Unpaid claims and expenses increase by 5%	(5,400)	(4,860)	(5,228)	(4,705)

Unpaid claims and expenses decrease by 5%	5,400	4,860	5,228	4,705
Change in risk adjustment for non-financial risk				
5 percentiles increase in the confidence level	(52)	(47)	(177)	(159)
5 percentiles decrease in the confidence level	52	47	177	159

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date. As at 31 December 2023 loss component recognized by the Company is not material.

	31 December 2023 (SAR'000)	31 December 2022 (SAR'000)
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component*		
2% Increase	(315)	(287)
2% Decrease	315	287

- Direct expense ratio is the ratio of sum of directly attributable expenses, acquisition cashflows and surplus for the period to earned premium.

f) Sensitivities on major assumptions considered while applying IFRS 17

Following are the sensitivities derived for the portfolios computed under VFA approach before risk mitigation by reinsurance contracts held:

	31 December 2023 (SAR'000)		31 December 2022 (SAR'000)	
	Impact on profit before zakat and income tax	Impact on equity	Impact on profit before zakat and income tax	Impact on equity
Change in Mortality rates				
Mortality rates increase by 10%	(674)	(606)	(816)	(735)
Mortality rates decrease by 10%	674	606	816	735
Change in expenses				
Expenses increase by 10%	(433)	(390)	(574)	(516)
Expenses decrease by 10%	433	390	574	516
Change in discount rates				

Discount rate increase by 1%	(900)	(810)	(991)	(892)
Discount rate decrease by 1%	900	810	991	892
Change in lapse rates				
Lapse rates increase by 1%	(443)	(399)	(491)	(442)
Lapse rates decrease by 1%	443	399	491	442

Following are the sensitivities derived for the portfolios computed under VFA approach after risk mitigation by reinsurance contracts held:

	31 December 2023		31 December 2022	
	(SAR'000)		(SAR'000)	
	Impact on profit before zakat and income tax	Impact on equity	Impact on profit before zakat and income tax	Impact on equity
Change in Mortality rates				
Mortality rates increase by 10%	(542,645)	(488,380)	(657,514)	(591,762)
Mortality rates decrease by 10%	542,645	488,380	657,514	591,762
Change in expenses				
Expenses increase by 10%	(349,039)	(314,135)	(461,920)	(415,728)
Expenses decrease by 10%	349,039	314,135	461,920	415,728
Change in discount rates				
Discount rate increase by 1%	(724,584)	(652,126)	(798,386)	(718,547)
Discount rate decrease by 1%	724,584	652,126	798,386	718,547
Change in lapse rates				
Lapse rates increase by 1%	(434,887)	(391,398)	(411,591)	(370,432)
Lapse rates decrease by 1%	434,887	391,398	411,591	370,432

g) Reinsurance risk

Similar to other insurance companies, in order to minimise the financial exposure arising from large claims, the Company in normal course of business, enters into reinsurance arrangements with the reinsurers. Such reinsurance arrangements provide for greater diversification of business, allow the management to control exposure potential losses arising from large risk, and provide additional capacity for

growth. All of the reinsurance is affected under treaty, Quota share and Surplus reinsurance contracts. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent.
- Reputation of particular reinsurance companies.
- Existing or past business relationship with the reinsurer

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. As at 31 December 2023 and 31 December 2022 there is no significant concentration of reinsurance balances.

The ratings of its reinsurance counterparties are as follows:

<u>Reinsurer</u>	<u>Rating agency</u>	<u>Rating</u>
Munich Re	Fitch	AA-
Swiss Re Asia Pte. Ltd	Fitch	A-
RGA International Reinsurance	Fitch	A
AXIS Reinsurance	Standard & Poor's (S&P)	A+
Argo Global Underwriting	A.M. Best	A
GIC Re	A.M. Best	B++
Hannover Re	Fitch	A+

Saudi Re	Standard & Poor's (S&P)	A-
Singapore Re	A.M. Best	A-
SCOR	Fitch	A
R+V Re	Standard & Poor's (S&P)	A+
Partner Reinsurance	Fitch	AA-
Oman Insurance	A.M. Best	A
Odyssey Re	Standard & Poor's (S&P)	A

There is no single counterparty exposure that exceeds 10% of total reinsurance assets at the reporting date.

The Type of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The following tables show the concentration of net insurance contract liabilities by type of contract:

	31 December 2023			31 December 2022		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
	<i>SAR '000</i>			<i>SAR '000</i>		
Non-life	190,577	(7,921)	182,656	206,315	(22,489)	183,826
Individual life	1,555,567	473	1,556,040	1,312,771	4,746	1,317,517
Group life	33,968	(26,608)	7,360	31,610	(11,522)	20,088
Total	1,780,112	(34,056)	1,746,056	1,550,696	(29,265)	1,521,431

24.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market commission rates (commission rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk

committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The Company stipulates diversification benchmarks by type of instrument and geographical area.

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board of Directors gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

The Insurance Operations and Shareholders' Operations are exposed to market risk with respect to their investments in units of open-ended mutual funds and quoted equity securities.

Open-ended mutual funds

The underlying investments of the mutual funds are in equities, Sukuks, and Murabaha purchased in the local and international markets and the unit price of the fund is dependent on the movements in the market prices of these instruments. The fund manager limits market risk by monitoring the developments in the relevant markets for these instruments.

Quoted equity Securities

The total size of FVTPL investments that are exposed to market price risk is SAR Nil (2022: SAR 3,473 thousand). The Company manages this risk by conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimise the potential impact of marking to market on the overall portfolio.

Unquoted equity securities

The Company has unquoted equity instruments carried at cost or indicative selling price, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed to be impaired, and then the statement of shareholders' operations will be impacted.

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management assesses that there is minimal risk of losses due to exchange rate fluctuations as the Insurance Operations and Shareholders' Operations primarily deal in Saudi Riyals and in US Dollar. Saudi Riyal which is pegged to the US Dollar.

b) Commission rate risk

Commission rate risk is the risk that the value or future cash flows of a financial instrument will change because of change in market commission rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value commission rate risk.

There is no direct contractual relationship between financial assets and insurance and reinsurance contracts. However, the Company's commission rate risk policy requires it to manage the extent of net commission rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Company has no significant concentration of commission rate risk.

The Company is exposed to commission rate risk through its debt instruments held, deposits and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred.

The Company's exposure to commission rate risk sensitive instruments are, as follows:

	31 December 2023	31 December 2022
	<i>SAR'000</i>	<i>SAR'000</i>
Cash and cash equivalents	57,000	--
Insurance contract liabilities	1,780,112	1,550,696
Reinsurance contract assets, net	34,056	29,265

Debt instruments at FVTPL	247,142	95,780
Debt instruments at amortized cost	503,324	414,469

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit/(loss) before tax and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact of commission rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

	Changes in commission rate	31 December 2023		31 December 2022	
		Impact on profit before zakat and income tax	Impact on equity	Impact on profit before zakat and income tax	Impact on equity
Insurance contract liabilities, net	+/-2%	35,488	31,939	31,014	27,913
Reinsurance contract assets, net	+/-2%	681	613	585	527
Debt instruments at FVTPL	+/-2%	269	269	63	63
Debt instruments at amortized cost	+/-2%	247	247	236	236

The Company is exposed to floating rate risk through its debt instruments. The impact of sensitivities to floating rate risk instruments is minimal therefore not presented.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and / or liabilities will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar financial instruments traded in the market.

The Company's exposure to price risk arises from its investments in equity securities and mutual funds that invest in equities. Price risk arising from the underlying items of participating contracts is generally borne by contract holders except to the extent of the Company's share of the performance of the underlying items.

The total size of FVTPL investments and underlying investments for participating contracts which are susceptible to market price risk arising from uncertainty about the future value of invested securities are SAR Nil (2022: SAR 3,473 thousand) and SAR 1,532,445 thousand (2022: SAR 1,278,506 thousand) respectively. The Company limits this Type of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on Company's profit would be as follows:

	<u>Fair value change</u>	<u>Effect on Company's profit SAR'000</u>
Financial Instruments		
31 December 2023	± 10%	--
31 December 2022	± 10%	± 347
Direct participating contracts		
31 December 2023	± 10%	± 6,177
31 December 2022	± 10%	± 5,153

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2023 and 31 December 2022. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

24.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The Company issues direct participating contracts comprising of investment in mutual funds as underlying items. In unit linked business the plan holder bears the investment risk on the assets held in the unit linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Company has no material credit risk on the unit linked financial assets.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance counterparties. Accordingly, as a pre-requisite, the parties with whom reinsurance is affected are required to have a minimum acceptable security rating level affirming their financial strength.
- The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

The Company's other financial assets are held with commercial banks and financial institutions with strong financial positions and credit ratings. The Company's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with either investment grade or satisfactory non-investment grade credit rating.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

	<i>2023</i>	<i>2022</i>
	<i>SAR'000</i>	<i>SAR'000</i>
Cash and cash equivalents	117,616	254,752
Debt instruments at FVTPL	247,142	95,780
Debt instruments at amortized cost	503,324	414,469
Due from a related party	7,084	2,807
Other assets	20,716	20,774
Reinsurance contract assets	34,529	34,011

Statutory deposit	65,989	54,991
Accrued income on statutory deposit	1,051	--
	<hr/>	<hr/>
	997,451	877,584
	<hr/>	<hr/>

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the management's best estimate. Investment grade is considered to be the highest possible rating. Assets falling outside the range of investment grade are classified as non-investment grade satisfactory or past due but not impaired.

<u>31 December 2023</u>	<u>Non-investment grade</u>				<i>Total</i>
	<i>Investment grade</i>	<i>Satisfactory</i>	<i>Past due but not impaired</i>	<i>Past due and impaired</i>	
	<i>SAR'000</i>				
Cash and cash equivalents	117,616	--	-	--	117,616
Debt instruments at FVTPL	247,142	--	-	--	247,142
Debt instruments at amortized cost	503,782	--	-	--	503,782
Due from a related party	-	7,084	-	-	7,084
Other assets	-	20,716	-	-	20,716
Reinsurance contract assets	34,529	--	-	-	34,529
Statutory deposit	65,989	--	-	-	65,989
Accrued income on statutory deposit	1,051	-	-	--	1,051
31 December 2023	970,109	27,800	-	--	997,909

<u>31 December 2022 - (Restated)</u>	<u>Non-investment grade</u>				<i>Total</i>
	<i>Investment grade</i>	<i>Satisfactory</i>	<i>Past due but not impaired</i>	<i>Past due and impaired</i>	
	<i>SAR'000</i>				
Cash and cash equivalents	254,752	--	-	--	254,752
Debt instruments at FVTPL	95,780	--	-	--	95,780
Debt instruments at amortized cost	414,469	--	-	-	414,469
Due from a related party	-	2,807	-	-	2,807

Other assets	-	20,774			20,774
Reinsurance contract assets	34,011	--			34,011
Statutory deposit	54,991	--			54,991
Accrued income on statutory deposit	--	--			--
31 December 2022	854,003	23,581	-	--	877,584

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. All of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

24.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets.

Maturity table

The table below summarizes the maturities of the Company's undiscounted contractual obligations relating to financial assets and liabilities as of at December 31, 2023 and December 31, 2022:

SAR'000	2023			2022		
	<i>Less than one year</i>	<i>More than one year</i>	<i>Total</i>	<i>Less than one year</i>	<i>More than one year</i>	<i>Total</i>
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
FINANCIAL ASSETS						
Cash and cash equivalents	117,616	--	117,616	254,752	--	254,752
Investments held to cover unit-linked liabilities at fair value through profit or loss	1,532,445	--	1,532,445	1,278,506	--	1,278,506
Investments held at fair value through profit or loss	--	247,142	247,142	93,370	95,780	189,150

Investment held at fair value through other comprehensive income	--	43,484	43,484	--	39,703	39,703
Investments held at amortised cost	26,344	477,438	503,782	10,396	404,073	414,469
Due from a related party	7,084	--	7,084	2,807	--	2,807
Other assets	20,716	--	20,716	20,774	--	20,774
Accrued income on statutory deposit	1,051	--	1,051	--	--	--
Statutory deposit	--	65,989	65,989	--	54,991	--
TOTAL	1,705,256	834,053	2,539,309	1,650,209	604,943	2,200,161

SR'000	2023			2022		
	<i>Less than one year</i>	<i>More than one year</i>	<i>Total</i>	<i>Less than one year</i>	<i>More than one year</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
FINANCIAL LIABILITIES						
Accrued expenses and other liabilities	13,548	3,750	17,298	18,026	9,449	27,475
Lease liabilities	1,070	472	1,542	1,128	1,907	3,035
TOTAL	14,618	4,222	18,840	19,154	11,356	30,510

There are no differences between contractual and expected maturity of the financial liabilities of the Company.

The following table summarizes the maturity profile of groups of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Non-life	105,337	5,444	1,288	719	240	--
Individual life	113,496	59,154	66,882	72,783	76,887	1,015,145
Group life	32,693	2,600	--	--	--	--
31 December 2023	251,526	67,198	68,170	73,502	77,127	1,015,145
Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Non-life	11,579	437	78	14	--	--
Individual life	412	420	475	516	546	4,864
Group life	25,997	2,218	--	--	--	--
31 December 2023	37,988	3,075	553	530	546	4,864

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Non-life	96,291	7,526	2,272	948	424	--
Individual life	104,782	45,719	46,448	52,697	58,618	860,553
Group life	35,822	4,706	--	--	--	--
31 December 2022	236,895	57,951	48,720	53,645	59,042	860,553
Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Non-life	14,231	1,305	226	41	--	--
Individual life	1,047	1,141	1,159	1,315	1,462	17,229
Group life	23,421	4,203	--	--	--	--
31 December 2022	38,699	6,649	1,385	1,356	1,462	17,229

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Fair value through profit or loss investments includes investments in mutual funds, equity and sukuks and are held for cash management purposes and expected to be matured/settled within 12 months from the balance sheet date.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to property and casualty segment and are generally realized within 6 to 9 months based on settlement of claims.

The liabilities with maturity less than one year are expected to settle as follows:

- Reinsurers contract liabilities are settled on a periodic basis as per terms of reinsurance agreements.
- Majority of insurance contract liabilities are expected to be settled within 12 months in accordance with statutory timelines for payment. Property and

casualty policies due to the inherent Type are generally settled within 12 months from the date of receipt of loss adjustor report.

- Accrued expenses and other liabilities are expected to settle within a year of 12 months from the year end date except for end of services benefits.

Fifteen: Related Party Transactions and Contracts with Board of Directors and Senior Management:

Work or Contract Type	Work or contract amount	Work or contract Term	Work or contract Conditions	Name of Member/ Senior Management or Any Related Person
1 Investments in Investment Funds	Unspecified	Unspecified	According to the contract concluded with the company on 01/08/2013.	Naif Al Mesnad in his capacity as the Chief Executive Officer of Al Jazira Capital Company.

The related party	Relationship type with the company	Type of the transaction	Term	Trans. Amount
				SAR
Shareholders' Transactions				
Al Jazira Bank	Founding Shareholder	Profits from investments held at the bank	Annual	1,395
Al Jazira Bank	Founding Shareholder	Investment in Sukuk (Islamic bonds)	Unlimited	49,500
Al Jazira Bank	Founding Shareholder	Profits from investment in Sukuk	Unlimited	1,579
Al Jazira Bank	Founding Shareholder	Increase in regulatory deposits	Unlimited	11,000
Al Jazira Bank	Founding Shareholder	Issuance of bonus shares	Unlimited	24,540
Al Jazira Capital	Founding Shareholder	Profits from investments in investment funds	Unlimited	939
Al Jazira Capital	Founding Shareholder	Investment custody fees	Unlimited	334
Al Jazira Capital	Founding Shareholder	Issuance of bonus shares	Unlimited	4,090
Consolidated Brothers Company	Founding Shareholder	Issuance of bonus shares	Unlimited	4,090
Solidarity Holding Group (Bahraini joint stock company)	Shareholder	Issuance of bonus shares	Unlimited	7,755
Board of Directors	Board Members	Remunerations and allowances	Annual	1,830
Insurance Operations				
Al Jazira Bank	Founding Shareholder	Insurance premiums/compensations paid/return on investments/investments in sukuk	Calendar year	213,137
Al Jazira Capital	Founding Shareholder	Insurance premiums	Calendar year	564
Al Jazira Capital	Founding Shareholder	Profits resulting from investments in investment funds	unlimited time	11,650
Consolidated Brothers Company	Founding Shareholder	Insurance premiums	Annual	618
Durrat Advanced Development Company	Related party	Insurance premiums	Annual	2,926
Senior executives	Senior executives	Salaries, remunerations and allowances (net)	Calendar year	9,144

Saqr Abdul Latif Nadir Shah	Member of the Board of Directors	Annual premiums for individual protection and savings insurance policies	Calendar year	8
Khaled Al-Othman	Member of the Board of Directors	Annual premiums for individual protection and savings insurance policies	Calendar year	36
Ibrahim Abdul Mohsen Muhammad Al-Sultan	Related party	Insurance premiums	Annual	175
Muhammad Mounir Quds	Senior executives	Annual premiums for individual protection and savings insurance policies	Calendar year	2

Sixteen: Contracts with Related Parties

Amounts Due (From/To) Related Parties as of December 31, 2023:

The company engaged in the following transactions with related parties during the fiscal year ended December 31, 2023:

Related Party	Relation to Company	Type of the transaction	Term	Trans. Amount
				SAR
Al Jazira Bank	shareholder	Investment account balance	Unlimited	7,084
Al Jazira Bank	shareholder	Subscriptions due	Annual	64,443
Al Jazira Capital	shareholder	Claims under settlement	Annual	23,360

Seventeen: Financial Results

With reference to the instructions issued by the insurance regulator related to the implementation of International Financial Reporting Standard 17 (Insurance Contracts) for insurance companies in the Kingdom of Saudi Arabia according to the adopted standards, the Company has applied this IFRS 17 standard starting from January 1, 2023 and has reclassified and remeasured the 2022 comparative financial data, which has led to a fundamental change in the presentation of the financial results.

Assets	2022	2023
Cash and Cash Equivalents	254,752	117,616
Available-for-Sale Investments Held to Cover Unit-Linked Liabilities	1,278,506	1,532,445
Investments Held at Fair Value Through Profit or Loss	189,150	247,142
Investments Held at Fair Value Through Other Comprehensive Income	39,703	43,484
Investments Held at Amortized Cost	414,469	503,782
Amounts Due from Related Parties	2,807	7,084
Prepaid Expenses and Other Assets	24,320	21,150
Reinsurance Contract Assets	34,011	34,529

Property, Plant, and Equipment	3,415	2,625
Intangible Assets	2,150	1,907
Right-of-Use Assets	3,005	1,571
Goodwill	232,255	232,255
Revenue Receivable on Regulatory Deposit	--	1,051
Regulatory Deposit	54,991	65,989
Total Assets	2,533,534	2,812,630

17.1 Financial Results in accordance with International Financial Reporting Standard (IFRS) No. 17

Liabilities	2022	2023
Accrued expenses and other liabilities	73,855	17,298
Lease liabilities	3,035	1,542
Insurance contract liabilities	1,550,696	1,780,112
Reinsurance contract liabilities	4,746	473
Employee benefit obligations	5,576	6,830
Revenues due on a statutory deposit	--	1,051
Zakat and income tax	2,908	65,048
Total liabilities	1,640,816	1,872,354

Equity	2022	2023
Capital	550,000	660,000
Share Premium	197,286	87,286
Legal Reserve	48,303	57,062
Retained Earnings	58,956	94,451
Fair Value Reserve	37,780	41,561
Total shareholders' equity	892,325	940,360
Reserve for remeasurement of employee benefit obligations related to – insurance operations	393	(84)
Total equity	892,718	940,276
Total liabilities and equity	2,533,534	2,812,630

17.2 Financial Results in accordance with International Financial Reporting Standard (IFRS) No. 9 for the years preceding the implementation of IFRS 17:

Insurance operations assets	2019	2020	2021
Cash and its equivalent	15,454	72,500	83,021
Investments	43,911	69,849	119,459

Available-for-sale investments are held to cover liabilities associated with the units	185,178	1,343,823	1,524,882
Debit contributions, net	2,094	2,503	20,286
Amounts due from reinsurers	-	-	1,385
Reinsurers' share of unearned insurance contributions	12,923	17,423	25,716
Reinsurers' share of unsettled claims	29,422	43,483	52,471
Reinsurers' share of unreported claims	5,669	15,164	26,924
Deferred document acquisition costs	-	-	2,686
Amounts due from related parties	28,176	-	60,788
Prepaid amounts and other assets	3,214	5,490	29,074
Right to use assets	-	-	1,212
Amounts due to shareholder/insurance operations	-	-	33,478
Total assets of insurance operations	326,041	1,570,235	1,981,382

Insurance operations liabilities and surplus			
Insurance operations liabilities	2019	2020	2021
Reserve units	187,979	1,349,364	1,526,927
Insurance premium deficiency reserve	-	-	9,617
Account reserve	360	9,160	5,468
Other reserves	-	322	259
Unearned subscriptions	35,087	34,533	76,567
Claims under settlement	33,525	49,226	81,740
Claims not reported	7,023	17,835	62,123
Accounts payable to reinsurers	10,775	15,300	34,389
Accrued expenses and other liabilities	15,955	43,878	57,655
Lease liabilities	-	-	1,190
Amounts owed to agents and policyholders	-	-	36,194
Unearned commissions for reinsurers	-	-	632
Amounts due to shareholder operations	29,407	31,674	-
End of service benefits for employees	2,624	3,518	5,248
Amounts owed to a related party	-	-	146
Total insurance operations liabilities	322,735	1,554,810	1,898,009

Shareholders' assets	2019	2020	2021
Cash and its equivalent	4,233	33,532	83,021
Investments	367,503	381,962	503,231
Amounts due from a related party	2,259	26	60,788
Amounts due to shareholder/insurance operations	29,407	31,674	-
Prepaid amounts and other assets	-	-	56,156
Fame	-	-	232,255
Regular deposit	35,000	35,000	47,054
Total assets of shareholders	438,402	482,194	982,505
Total assets	764,443	2,052,429	2,963,887

Surplus insurance operations	2019	2020	2021
Surplus from insurance operations	2,827	3,355	15,837
Changes in assumptions regarding employee defined benefit obligations	82	(49)	(412)
Total insurance operations liabilities and surplus	325,644	1,558,116	1,913,434

Shareholders' liabilities and equity			
Shareholders' liabilities	2019	2020	2021
Accrued expenses and other liabilities	2,696	7,552	56,356
Zakat and income tax are payable	1,110	1,282	2,182
Amounts owed to a related party	-	-	838
Amounts due to shareholder/insurance operations	-	-	33,478
Total shareholders' liabilities	3,806	8,834	58,538

Shareholders' equity	2019	2020	2021
capital	350,000	350,000	550,000
Issue bonus	-	-	197,286
Regular reserve	30,595	38,348	42,632
Retained earnings	54,001	85,012	22,812
Total shareholders' equity	434,596	473,360	812,730
Total shareholders' liabilities and equity	438,402	482,194	871,268
Total liabilities and surplus of insurance operations, liabilities and shareholders' equity	764,046	2,040,310	2,784,702

17.3 Company's Business Results in accordance with International Financial Reporting Standard (IFRS) No. 17:

	2022	2023
	SAR	SAR
Insurance revenue	220,579	301,954
Insurance services expenses	(175,895)	(235,233)
Net income and expenses from reinsurance contracts held	(31,609)	(27,477)
Insurance services resulting from the company's directly underwritten business	13,075	39,244
The surplus share of the insurance pool	6,952	17,917
Insurance services results	20,027	57,161
Net (loss)/income from investments held at fair value through profit or loss	(192,126)	326,815
Commission income on investments measured at amortized cost	11,476	12,356
Commission income on short-term deposits	1,584	9,344
Return on investment	(179,066)	348,515
Net financing income/(expenses) from issued insurance contracts	197,018	(319,478)
Net financing income from reinsurance contracts held	619	1,331
Net (expense)/income of insurance financing	197,637	(318,147)
Net insurance and investment results	38,598	87,529
Other income	10,515	4,916
Other operating expenses	(8,663)	(24,540)
Income attributable to shareholders before zakat and income tax	40,450	67,905
Zakat	(1,000)	(21,765)
Income tax	(930)	(1,886)
Net income for the period attributable to shareholders	38,520	44,254
Weighted average number of common shares outstanding (in thousands of shares)	66,000	66,000
Earnings per share for the period (SAR/share) (basic and diluted)	0.58	0.67

- **Company's Business Results in accordance with International Financial Reporting Standard (IFRS) No. 9 for the years preceding the implementation of International Financial Reporting Standard (IFRS) No. 17:**

	2019	2020	2021
	SAR	SAR	SAR
Total subscriptions subscribed	130,283	233,934	299,031
Investment subscriptions, net	(57,466)	(143,767)	(125,493)
Changes in other reserves	-	(322)	18,607
Assigned subscriptions - local	-	-	(1,205)
Subscriptions assigned - foreign	(20,815)	(35,414)	(57,271)

Loss surplus expenses	-	-	(24,336)
Reinsurer commissions earned	-	-	1,980
Technical allocations	197	2,180	3,692
Change in insurance premium deficiency reserve	-	-	9,627
Net insurance revenue	43,803	61,665	187,455
Net claims incurred	(2,377)	(5,796)	(117,254)
Costs of obtaining insurance policies and supervision and inspection fees	(4,561)	(11,217)	(13,141)
Other direct underwriting expenses	-	-	(7,108)
Net general and administrative expenses	(7,317)	(34,269)	(67,676)
Investment income	1,429	1,184	1,046
Other income	2,575	29,720	32,657
Surplus for the period from insurance operations	33,552	41,287	15,979

17.4 Substantial Differences in Operating Results:

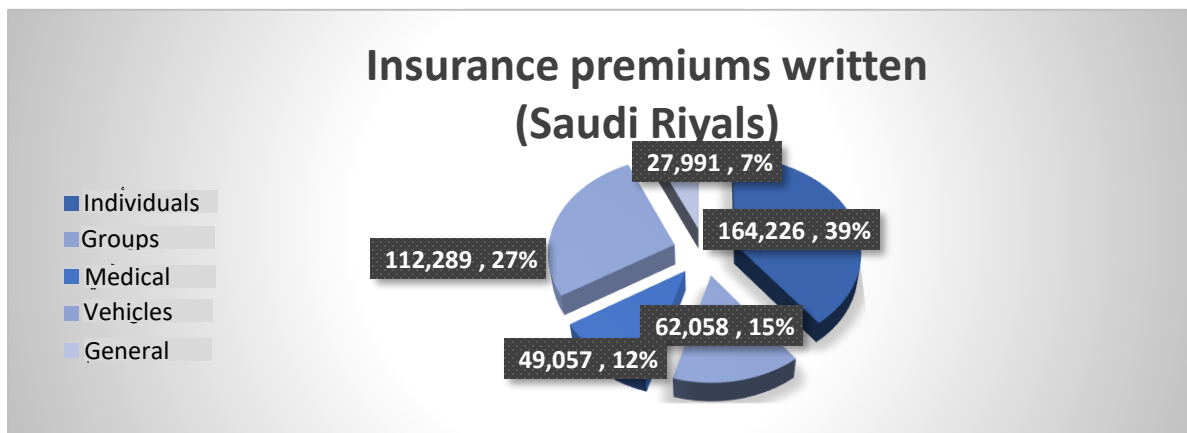
	2023	2022	Changes (+) or (-)	
	SAR	SAR	SAR	Changes%
Insurance revenue	301,954	220,579	81,375	37%
Insurance services expenses	-235,233	-175,895	(59,338)	34%
Net income and expenses from reinsurance contracts held	-27,477	-31,609	4,132	-13%
Results of underwritten insurance services directly	39,244	13,075	26,169	200%
The company's share of insurance complexes	17,917	6,952	10,965	158%
Insurance services results	57,161	20,027	37,134	185%
Net (loss)/income from investments held at fair value through profit or loss	326,815	-192,126	518,941	-270%
Commission income on investments measured at amortized cost	12,356	11,476	880	8%
Commission income on short-term deposits	9,344	1,584	7,760	490%
Return on investment	348,515	-179,066	527,581	-295%
Net financing income/(expenses) from issued insurance contracts	-319,478	197,018	(516,496)	-262%
Net financing income from reinsurance contracts held	1,331	619	712	115%
Net (expense)/income of insurance financing	-318,147	197,637	(515,784)	-261%
Net insurance and investment results	87,529	38,598	48,931	127%
Other income	4,916	10,515	(5,599)	-53%
Other operating expenses	-24,540	-8,663	(15,877)	183%
Income attributable to shareholders before zakat and income tax	67,905	40,450	27,455	68%
Zakat	-21,765	-1,000	(20,765)	2077%
Income tax	-1,886	-930	(956)	103%
Net income for the period attributable to shareholders	44,254	38,520	5,734	15%
Weighted average number of common shares outstanding (in thousands of shares)	66,000	66,000	-	0%
Earnings per share for the period (SAR/share) (basic and diluted)	0.67	0.58	0	16%

17.5 Geographic Analysis of Revenues:

Year	Geographic Analysis of Total Company Revenues			
	Eastern Region	Western Region	Middle Region	Total Revenue
2023	49,399	158,618	229,399	437,416

• Total Insurance Premiums Written:

Total insurance premiums written during the financial period ended on December 31, 2023 amounted to 437,416 thousand Saudi Riyals, distributed among business sectors as follows:



17.6 Penalties and Fines

Violation Subject	Previous fiscal year 2022		Current fiscal year 2023	
	Number of executive decisions	Total amount of financial fines	Number of executive decisions	Total amount of financial fines
Violating the instructions of the supervisory and regulatory body	-	-	<ul style="list-style-type: none"> A number of (2) executive decisions issued by the Insurance Authority One notice issued by the Insurance Authority 	315
Violating the Authority's instructions regarding customer protection	1	100 thousand Saudi riyals	-	-
Violating the Authority's instructions regarding exercising due diligence in combating money laundering and terrorist financing	-	-	-	-

Authority violation related to cybersecurity risks	2	400 thousand Saudi riyals	-	-
Violating the instructions of the Health Insurance Council	<ul style="list-style-type: none"> A number of (2) decisions of the committee examining violations of the provisions of the cooperative health insurance system One (1) notice issued by the Health Insurance Council 	215 thousand Saudi riyals	Number (5) notices issued by the Health Insurance Council	-

The Company affirms that it has put in place corrective plans to address violations and ensure full compliance with all regulations issued by the relevant regulatory authorities and to avoid their occurrence in the future.

17.7 Dividend Distribution Policy

According to the Company's Bylaws, a shareholder is entitled to their share of the profits in accordance with the resolution issued by the General Assembly in this regard. The resolution specifies the due date and distribution date. Profit entitlement applies to the shareholders registered in the shareholders' records at the end of the day specified for entitlement. The Company notifies the Capital Market Authority without delay of any decisions to distribute profits or recommend such. The declared dividends are paid to shareholders in 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 insurance regulator.

Shareholders' profits, if approved, are distributed as follows:

- Zakat and statutory income tax are deducted.
- 20% of the net profits are transferred to the statutory reserve. The Ordinary General Assembly may discontinue such transfer when the reserve equals the paid-up capital.
- The Ordinary General Assembly, based on the Board's proposal, may set aside a percentage of the annual net profits to form an additional reserve for specified purpose(s).
- The remaining balance is then distributed as an initial payment to shareholders of at least 5% of the paid-up capital.
- The remaining balance after that is distributed to shareholders as a share of profits or transferred to the retained earnings account.

- The Board of Directors may resolve to distribute interim dividends deducted from the annual profits specified in paragraph 4 of this Article, in accordance with the governing rules issued by the competent authorities.

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The profit distribution ratios for the fiscal year 2023 AD		The proposed profit distribution ratios at the end of the year	Total Profits
Distribution Date			
Ratio	The company did not distribute any profits during the year 2023 AD.		
Total			

17.8 Regulatory Payments

Description	2023		Brief Description	Reasons
	Paid	Amounts Due as of the end of the fiscal year and not paid		
Zakat	7,320	60,3961	Zakat amounts legally due	Implementing regulations issued by the relevant authority
Tax	571	1,087	Tax amounts legally due	Implementing regulations issued by the relevant authority
General Organization for Social Insurance	3,316	298	Social insurance amounts	Implementing regulations issued by the relevant authority
Visa and passport costs	97	-	It represents the value of government fees for issuing visas and passport services	Implementing regulations issued by the relevant authority
Labor office fees	285	-	Represents the value of government fees for work permits	Implementing regulations issued by the relevant authority

Eighteen: Board of Directors' Acknowledgments:

The Board of Directors acknowledges to the shareholders and related parties, to the best of its knowledge from all material aspects, the following:

- That the accounting records were prepared properly.
- That the internal control system was properly prepared and effectively implemented.
- That there is no significant doubt concerning the Company's ability to continue its activity.
- That the Company was not notified during the last financial year pursuant to Article 45 of the Listing Rules of any interest in a class of voting shares held by persons other than Board members and senior executives.

- E. That the Company did not borrow during the period and there are no outstanding loans on it.
- F. That the Company did not issue or grant any conversion or subscription rights under convertible debt instruments, contractually based securities, subscription right notes, or similar rights during the period.
- G. That the Company did not issue or grant any convertible debt instruments, contractually based securities, subscription right notes, or similar rights during the period.
- H. That the Company did not redeem, purchase or cancel any redeemable debt instruments during the period.
- I. That there were no cases of conflict of interest during the period.
- J. That the Company has no subsidiary companies.
- K. That there are no cases, arrangements or agreements under which any shareholder of the Company has waived any rights to profits.
- L. That there are no cases, arrangements or agreements under which any Board member or senior executive has waived any salary, compensation or dues.
- M. That no penalty or precautionary restriction relating to the Company was imposed on any Board member by any judicial, supervisory or regulatory authority during the year.
- N. That there are no recommendations from the Audit Committee that conflict with Board resolutions regarding appointment of an internal auditor or the Company's external auditors for the previous financial year.
- O. That there were no reservations on the Company's financial statements for the previous financial year.
- P. That there is no recommendation from Board members to change the auditors for the previous financial year.
- Q. That no competing works were carried out by Board members against any of the Company's activities.

Nineteen: Appreciation

Aljazira Takaful Taawuni Company Board of Directors would like to take this opportunity to thank the shareholders and customers for their support and trust. The Board also wishes to express its thanks and appreciation to the employees of the Company for their dedication and efforts during the past year. We ask God Almighty for the Company to achieve further development and success.

الجزيرة تكافل

AL JAZIRA TAKAFUL

