

## **Alinma Tokio Marine Company**

### **Board of Directors Report**

**2021**

The Board of Directors of Alinma Tokio Marine Company (the Company) is pleased to present the Board of Directors report of the Company covering the Company's financial results and achievements for the twelve months period ended 31 December 2021.

This report must be read in conjunction with the Company's audited financial statements for the year ended 31 December 2021 and the Company's announcements on Tadawul. This annual board report includes the most important updates, financial results, operational activities and outlook disclosures in compliance with the rules and regulations applicable in the Kingdom of Saudi Arabia.

**Background and main activities:**

ATMC is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The Commercial Registration number of the Company is 7001727200, dated 28 Rajab 1433H (corresponding to 18 June 2012). The Company is listed on the Saudi Arabian Stock Exchange ("Tadawul") since 24 June 2012.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 25/M, dated 3 Jumada-Al Thani 1430H (corresponding to 27 June 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009).

The purpose of the Company is to transact in cooperative insurance operations and all related activities in accordance with its By-Laws and applicable regulations in the Kingdom of Saudi Arabia.

**1. Main plans of the Company, important decisions and updates during the period:**

**1-1 Strategic direction:**

The Company's mid-term business plan was approved by the Board of Directors in December 2021. The key components of the plan included development and optimization of its core and non-core business activities covering corporate, retail and bancassurance distribution channels, underwriting and claims management, excellence in customer services, robust governance and risk management framework and investment activities. The Board of Directors oversees the progress in realizing business objectives of the Company on a regular basis.

**1-2 Framework of Company Governance:**

During the year 2021, several policies and procedures were developed to cater the growing business needs and regulatory requirements. These policies are reviewed on a continuous basis, aligned to the present and future business requirements and to strengthen the governance and risk management framework.

**1-3 Branch Distribution Network:**

During 2021, the Company has not opened any new branch and have found existing three branches in Riyadh, Jeddah and Khobar sufficient to service its customer base. This is as per the recommendation of the Executive Management of the Company in line with Company's current business plan. This situation is going to be periodically assessed and need for expanding branch network will be evaluated to serve our expanding customer base.

#### **1-4 Key developments in operational activities**

Continuously reviewing operating processes and practices is one of key focus area for the company. Few key developments worthy of mention are as under:

- Achieved nearly 30% growth in net written premium by expanding corporate insurance by writing business through three branches and retail motor business through aggregators.
- Achieved underwriting profit target by augmenting operational efficiencies leading to improved cost controls compared to last year
- Improved employees' engagements by enhancing human capital programs and talent developments
- Changed reinsurance strategy and restructured the scheme to achieve better and reasonable balance between retention and risk
- The Company laid down learning and development program with aim to enhance insurance skills of employees.
- Improved company's internal control structure by segregating legal and compliance function.

#### **1-5 Plan of Business Continuity and Disaster Recovery**

The Company's business continuity plans, and disaster recovery plans are periodically tested to ensure minimal impact to operations in the event of disaster. The plans have been comprehensively designed to incorporate any major/minor disruption in markets where the Company has a business presence.

### **2. Future expectations, risks and developments**

#### **2-1 Competitiveness and work environment:**

In 2021, insurance market environment in the Kingdom has partially backed to normal from the special situation under COVID-19 for example, motor claims increased with increase in traffic. On the other hand, since international transportation has not completely opened, it affected the performance of related businesses like Hajj/Umrah insurance program.

The Company continues to aim to be the insurance partner of choice, at the same time the Company has been focusing on profit-oriented direction. The Underwriting profit in 2021 was better than the company's business plan due to company's focus on providing best customer service, despite sacrificing some premium growth.

#### **2-2 Future Expectations:**

Although COVID-19 will continue in our life and some uncertainties in the insurance market will be remained for some more time, the Company expects the impact on insurance business will be mitigated further in 2022.

The Company has not changed the core mission of becoming the insurance partner of choice. The Company has ambitious plan to improve topline and profitability compared to 2021 by providing our professional service and utilizing the new reinsurance strategy, additionally, the company plans to expand in corporate sector especially in SME, retail sector and bancassurance business to diversify the opportunities of growth and profit.

### **3. Risks faced by the Company**

During normal course of business, the Company is exposed to various risks. Besides having a sound risk management framework, systems and procedures are also put in place to identify, control and manage the major risks that the Company could be subjected to. The major risk types that might be encountered by the Company are as follows:

#### **3-1 Credit Risk:**

Credit risk is the risk that arises with a possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value of financial assets disclosed in the statement of financial position for the period ended 31 December 2021. The Company's credit risk exposure relating to customers and deposits is mainly concentrated in Saudi Arabia and transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

### **3-2 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. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

Insurance Risk incorporates underwriting, reserving and reinsurance risks. The Company monitors concentration of insurance risks primarily by class of business. 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.

### **3-3 Reinsurance Risk:**

Reinsurance risk arises when the reinsurance partners are unable to discharge their liabilities which makes the Company liable to the insured fully. To mitigate this risk, the Company only deals with reinsurance counterparties having strong financial ratings to minimize the reinsurance default risk.

### **3-4 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 interest rates (interest rate risk) and market prices (price risk). The Company's risk management 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.

### **3-5 Liquidity Risk:**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. Liquidity requirements are monitored on a timely basis and manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. To manage the liquidity risk the Company holds liquid assets comprising cash and cash equivalents and investment securities for which there is an active market except for unquoted equity instruments. These assets can be readily sold to provide additional liquidity when needed.

### **3-6 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 external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all the Company's activities. The Company manages the Operational risks by setting and following the policy

and procedures of each department and Risk management department monitors their effectiveness periodically.

### **3-7 Information Technology Risk:**

Information Technology (IT) risk is error or failure of the business operations due to error associated with the internet connectivity, online transactions, and other business support applications. These risks are encountered due to large dependency on computer systems and information technology.

The Company has implemented strong controls including firewalls, anti-virus solutions and backups and recovery systems to minimize the risks posed by cyber risks. Moreover, the Company's Information security function under risk management department performs various information security activities to avoid any risk associated with the cyber-attacks.

### **3-8 Regulatory Risk:**

The Company is operating in an industry with high regulations. Failure to meet those regulatory standards and requirements would expose the Company to various penalties and would increase reputational risk. The Company is cognizant of its responsibilities and thus has established a legal and Compliance department which is responsible to keep tracks of important deadlines and ensures all the mandatory requirements are met timely.

### **3-9 Solvency Risk:**

The risk arises when the Company may not be able to meet its solvency requirements as defined by Saudi Central Bank ('SAMA'). Monthly solvency margin calculations are prepared to gauge the solvency position. The Company has projected the Solvency Margin for 3 years and monitors the movement on monthly basis

### **3-10 COVID-19 risk:**

The ongoing COVID situation with new variants coming time and again and it may adversely impact the Company's operations, financials, service levels, employees, customers, and suppliers. To combat the COVID 19, the Company has formed a dedicated task force to plan and execute business continuity plans, and to ensure the safety and wellbeing of our employees, to maintain excellent service levels, to actively engage with, and support, our customers, and regulators.

## **4. Business Results and Financial highlights:**

In 2021, we have seen major changes in the overall economy and insurance sector. The aftereffects of COVID on the insurance sector has trundled insurance sector badly in terms of profitability. In 2021, ATMC net loss increased significantly compared to last year. The main reason for the increase in losses is due to increase in net incurred claims and lower income from haj/ umrah insurance program. However, the company has achieved growth in net written premiums and net earned premiums by improving business mix and achieved better underwriting profit.

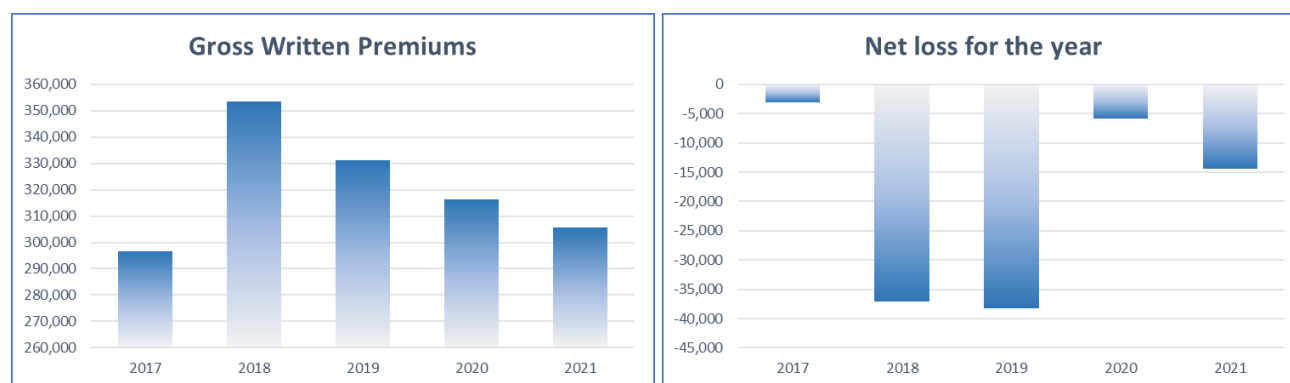
### **4-1 Summary financial results:**

The below table shows the key financial metrics for the years 2017-2021 (unit: SAR'000)

Statement of operations	2017	2018	2019	2020	2021
Gross Written Premiums	296,723	353,591	331,141	316,315	305,554
Net Written Premiums	147,089	196,748	169,281	124,453	158,814
Net Earned Premiums	135,960	201,403	161,546	136,836	141,886
Total revenue (insurance operations)	160,839	226,495	187,953	167,810	169,400
Gross claims paid	-195,681	-199,214	-243,553	-160,147	-83,872
Net claims Incurred	-75,361	-151,748	-117,785	-66,033	-72,233
Total expenses (insurance operations)	-88,524	-109,582	-108,840	-102,247	-107,734
Net loss for the year	-3,046	-37,146	-38,231	-5,823	-14,403

#### 4-2 Historical key financial figures

The below charts summarize the Company's net written premiums and net loss for the years 2017 -2021 (Unit: SAR'000).



#### 4-3 Balance sheet summary: (Unit: SAR'000)

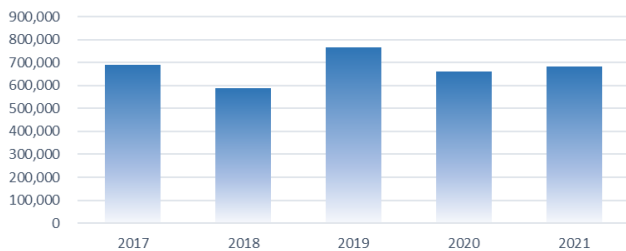
Total assets increased by SAR 20.9 million (+3.2%), this increase is primarily driven by increase in cash and cash equivalents and unit linked investments amounted to SAR 12.8 million and SAR 28.5 million respectively, the increase in assets have been partially offset mainly with the decrease in reinsurance share of unearned premiums, reinsurance share of outstanding claims and other assets amounted to SAR 22.2 million.

Total Liabilities increased by SAR 35.7 million (+7.9%) from last year, mainly due to increase in unit linked liabilities by SAR 28.5 million and increase in unearned premiums by SAR 24.1 million, the increase in liabilities have been partially offset with the decrease in outstanding claims, incurred but not reported claims, premium deficiency reserves, reinsurance balances payables and other liabilities by SAR 17.0 million.

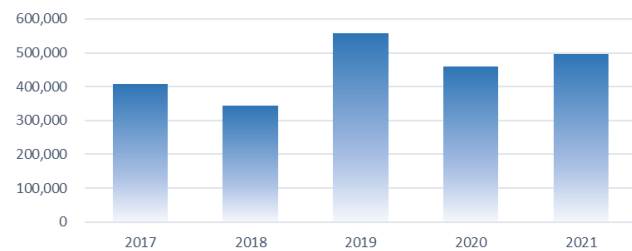
The Company has accumulated losses of SAR 112.8 million as of 31<sup>st</sup> December 2021 which represents 37.6% of the share capital. The reason for these losses is high expense ratio. The Board of Directors has approved a business plan on 15<sup>th</sup> December 2021. The plan is based on improving the net premiums written and control over expenses and loss ratios. The plan demonstrates that the Company will be able to continue as a going concern for foreseeable future.

Insurance Operation + Shareholder's Operation	2017	2018	2019	2020	2021
Cash and cash equivalents	107,863	52,710	219,182	235,480	248,314
Investments	137,061	217,385	136,311	49,456	42,814
Premium and Reinsurance receivables	126,390	96,325	73,111	70,633	72,977
Reinsurance share of outstanding claims, incurred but not reported claims	147,110	102,633	152,787	59,558	44,922
Other assets	160,432	109,609	180,637	240,870	267,849
<b>Total Assets</b>	<b>678,856</b>	<b>578,662</b>	<b>762,028</b>	<b>655,997</b>	<b>676,876</b>
Outstanding claims	142,455	97,703	172,767	61,847	54,164
Incurred but not reported claims	39,221	28,706	31,895	46,576	42,981
Unearned premiums	76,138	80,827	107,765	133,049	157,161
Other liabilities	138,594	126,428	242,551	212,762	235,661
<b>Total liabilities</b>	<b>396,408</b>	<b>333,664</b>	<b>554,978</b>	<b>454,234</b>	<b>489,967</b>

**Total Assets  
(Insurance Operation + Shareholder's Operation)**

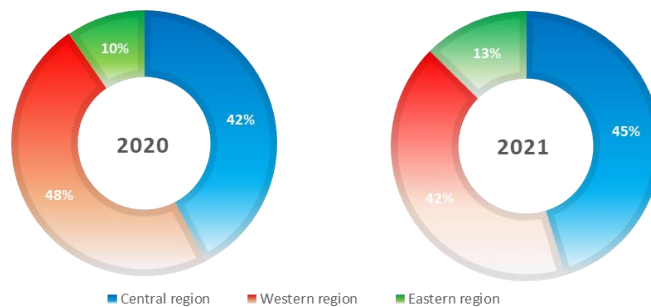


**Total Liabilities  
(Insurance Operation + Shareholder's Operation)**

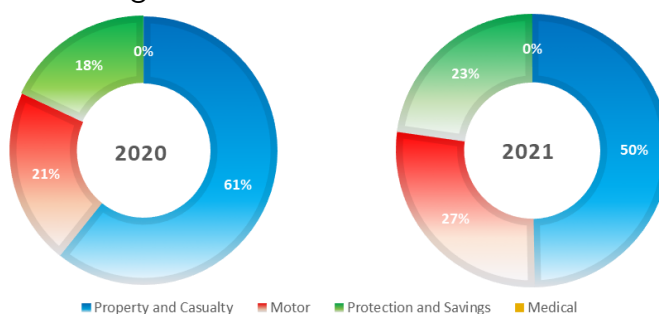


#### 4-4 Geographical and Segmental Analysis of GWP: (Unit: SAR'000)

The company doesn't have overseas subsidiaries and operates within Saudi Arabia only, The geographical spread of gross written premiums written during 2021 and 2020 are as follows:.



As of the end of 2021 50% of the company's business is Property and Casualty line, Motor line is 27%, and Protection & Saving business is 23%.



#### 4-5 Fundamental differences in operational Results:

Fundamental differences in operating results for the year ended 31 Dec 2021

	2020	2021	Change	Change(%)
Gross Written Premiums	316,315	305,554	(10,761)	-3.4%
NetWritten Premiums	124,453	158,814	34,361	+27.6%
Net Earned Premiums	136,836	141,841	5,005	+3.7%
Reinsurance Commission Earned	24,351	20,162	(4,189)	-17.2%
Policy Acquisition Cost	(25,588)	(26,739)	(1,151)	+4.5%
NetClaims Incurred	(66,033)	(72,233)	(6,200)	+9.4%
Net loss for the year	(5,823)	(14,403)	(8,580)	+147.3%

(Unit: SAR'000)

The Company achieved 27.6% increase in Net Written Premiums and 3.7% increase in Earned Premiums. On the other hand, due to decrease in Ceded Reinsurance Premiums, Reinsurance Commission Earned has decreased by 17.2%.

**4-6** The joint independent external auditors' report contains an unqualified opinion on the financial statements of the Company. The financial statements present fairly in all material aspects the financial position of the company as at 31st December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ('SOCPA').

Further, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as endorsed in Kingdom of Saudi Arabia by SOCPA, other standards and pronouncements issued by SOCPA, regulations for Companies and Company's By-Laws.

#### 5. Payments to Regulators (Unit: SAR'000)

Name	Description	2021	
		Payable	Paid
ZATCA	ZAKAT & TAX	6,699	3,592
SAMA	SAMA	293	1,873
CCHI	CCHI	0	51
GOSI	Subscriptions	284	2,646
CMA	Listing fee/Service fee	0	471
TOTAL		7,276	8,633

The Zakat, Tax and Customs Authority (ZATCA): Total outstanding predominantly related to the annual zakat and tax charge for the year 2021 and additional contingency provisions for zakat and withholding tax matters.

The Saudi Central Bank (SAMA): The total amount paid to SAMA represents inspection and supervision fees paid to SAMA for three quarters of 2021 amounted to SAR 1,208K, fees for the last quarter of 2020 amounted to SAR 245K and penalties for the year 2021 amounted to SAR 420K. Payable represents fees for the last quarter of 2021.

The Council for Cooperative Health Insurance (CCHI): The total amount paid to CCHI for levies amounted to SAR 1k and for annual subscription amounted to SAR 50K.



The General Organization for Social Insurance (GOSI): The total amount paid to GOSI during the year was SAR 2,646k.

Tadawul and the Capital Market Authority (CMA): The Company paid SAR 471k to Tadawul/the CMA during 2021.

**6-1 Major Shareholders:** The Company has authorized capital of SR 300,000,000 divided into SR 30,000,000 ordinary shares with a nominal value of SR 10 per share. The following table indicates the shareholders owning more than 5% of the shares of the Company as on 31 December 2021.

There has been no change in the composition of the shareholders holding more than 5% of the shares during the year ended 31 December 2021.

Shareholder	Ownership Percentage (%)	Number of Shares	Nationality
Alinma Bank	28.75%	8,625,000	Saudi
Tokio Marine & Nichido Fire Insurance Co.	28.75%	8,625,000	Japanese

**6-2** Description of the interests, option rights and subscription rights of the Board members, senior executives, their spouses and minor children to the shares or debt instruments of the Company together with the changes affecting such interests or such rights during the last fiscal year:

Name	Beginning of the Year		End of the Year		Change rate
	Number of Shares	Debt instruments	Number of Shares	Debt instruments	
3 Ali Suliman AlAyed	1,000	-	1,000	-	0%
4 Khalid Abdullah AIRumaih	83	-	83	-	0%

**6-3** None of the Senior Executives, their spouses and minor children have any interest in the shares of the Company.

Name	Beginning of the Year		End of the Year		Change rate
	Number of Shares	Debt instruments	Number of Shares	Debt instruments	

## 7. Board of Directors

### 7-1 Key Responsibilities of the Board:

Subject to the competencies established by the general assembly, the Board shall have the broadest authorities as to the management of the Company. Among these responsibilities borne thereby, following are mentioned as example:

- providing proposals to develop the strategy of the Company.
- monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
- reviewing reports related to the performance of the Company.
- ensuring the integrity and impartiality of the financial statements and information of the Company.
- determining the appropriate level of remunerations of the members of the Executive Management.

- expressing opinions as to the appointment and dismissal of members of the Executive Management.

## 7-2 Information about the Board Chairman and Members:

Referring to Article 15 of the Articles of Association of Alinma Tokio Company, it is necessary for the company to be managed by a Board of Directors consisting of (8) members elected by the ordinary general assembly for a period not exceeding (3 years), and the composition of the Board of Directors must reflect an appropriate representation of independent members. The number of independent members of the board of directors may not be less than two members or one third of the members of the board, whichever is more. An exception to this is the appointment of the Constituent Assembly members of the first Board of Directors for a period not exceeding (3) years starting from the date of the publication of the decision of the Ministry of Commerce and Investment to establish the company.

The new Board of Directors was formed for the fourth session by virtue of the resolution of the Ordinary General Assembly on May 26, 2021, as the fourth session started from June 9, 2021, AD - June 8, 2024, AD. The Chairman and Vice-Chairman of the Board of Directors were chosen at the new Board meeting on June 09, 2021.

	Name	Position	Membership Classification
1	Abdul Mohsen Abdulaziz Alfares	Chairman of the Board	Non-Executive
2	Hironari Iwakuma	Vice Chairman of the Board	Non-Executive
3	Abdullah Ali Alkhalifa	Board Member	Non-Executive
4	Satoshi Furuya	Board Member	Non- Executive
5	Emad Abdulrahman Albutairi	Board Member	Non-Executive
6	Ali Suliman Alayed	Board Member	Independent
7	Beshr Mohammed Bakheet	Board Member	Independent
8	Khalid Abdullah AlRumaih	Board Member	Independent

### 7-3 Summary about the Board Members

	Name	Current Position	Previous Position	Qualifications	Experiences
1	Abdul Mohsen Bin Abdulaziz AL fares	Chairman of Alinma Tokio Marine Company	<ul style="list-style-type: none"> <li>- CEO - Alinma Bank</li> <li>- Executive General Manager for inancial Services - Abdul Latif Jameel Company Ltd</li> <li>- General Manager - Zakat, Tax and Customs Authority),</li> <li>- Director of the General Accounting Department - Central Bank of Saudi Arabia</li> <li>- Assistant Director of the Internal Audit Department -Central Bank of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Accounting - King Saud University.</li> <li>- Master of Accountancy - Western Illinois University.</li> <li>- Fellowship of the American Institute of Certified Public Accountants (CPA) - America</li> </ul>	Forty years of experience in the financial sector.
2	Hironari Iwakuma	Managing Director and CEO - Tokio Marine Middle East Ltd	<ul style="list-style-type: none"> <li>- Associate Officer and General Manager - Tokio Marine &amp; Nichido Fire Insurance Co., Ltd,</li> <li>-Executive Director- Tokio Marine Insurance (Malaysia) Berhad</li> </ul>	Bachelor of Economics - Konan University.	Over thirty-nine years of experience in the insurance sector.
3	Abdullah Bin Ali A Khalifa	Chief Executive Officer - Alinma Bank	<ul style="list-style-type: none"> <li>Chief Financial Officer - Arab National Bank</li> <li>Chief Financial Officer - Al-Rajhi Bank</li> <li>Chief Financial Officer - Banque Saudi Fransi</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Accounting - King Saud University</li> <li>- Master's degree in Accounting - University of Miami</li> </ul>	Over twenty-eight years of experience in the banking and investment sector.
4	Satoshi Furuya	General Manager - Tokio Marine Holdings.	<ul style="list-style-type: none"> <li>General Manager / Tokyo Marine Dubai Executive</li> <li>Management Staff / Tokyo Marine Europe Executive Director / Hussain Oweini &amp; Partners, Kingdom of Saudi Arabia</li> <li>Managing Director / Tokio Marine Egypt</li> <li>General Takaful Senior Vice President, and General Manager / Tokyo Marine America</li> </ul>	BA of Political Science and Economics – Major in Economics – Waseda University	Over twenty-five years of experience in the insurance sector.

5	Emad Bin Abdulrahman Albutairi	Head of Corporate Banking	<ul style="list-style-type: none"> <li>- General Manager of Corporate Banking -Bank Albilad</li> <li>-Head of Commercial Banking Services for the Eastern Region - Al Ahli Bank</li> <li>- Head of Corporate Banking Services - United Saudi Commercial Bank</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Science in Petroleum Engineering - King Saud University.</li> <li>- Master of Business Administration - King Fahd University of Petroleum and Minerals.</li> </ul>	Thirty years of experience in wholesale banking in both internationally and locally.
6	Ali Bin Suliman Alayed	-	<ul style="list-style-type: none"> <li>- Director of Credits and Documents Department - Saudi Basic Industries Corporation.</li> <li>- Financial and Administrative Director - Resources Company Limited.</li> <li>- Financial Director - Tawuniya Insurance Company.</li> <li>- Executive Vice President and Chief Financial Officer - Saudi Electricity Company.</li> <li>- Chief Executive Officer and Member of the Executive Committee and Investment Committee - Malath Insurance Company.</li> <li>- Chairman of the Board of Directors - Najm Insurance Services Company.</li> <li>- Director General of Supervision of Insurance Companies - Central Bank of Saudi Arabia.</li> </ul>	Bachelor of Accounting - King Saud University.	Thirty-eight years of experience in financial management, accounting, auditing, and insurance.
7	Beshr Bin Mohammed Bakheet	<ul style="list-style-type: none"> <li>- Osool &amp; Bakheet Investment Company - Member of the Board of Directors.</li> <li>- Bakheet Japan Company - Chairman</li> </ul>	<ul style="list-style-type: none"> <li>- Credit Suisse Japan — Department Manager.</li> <li>- Bakheet Financial Consulting – Founder.</li> <li>- Bakheet Investment Group Chairman and CEO.</li> <li>- Al-Ahly Takaful Company - Member of the Board of</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor's in mathematics - Ohio State University.</li> <li>- Master of Engineering Management - Keio University.</li> </ul>	Thirty-one years of experience in leadership and financial positions.

		and CEO. - Bakheet Al-Mubader Information Technology Company - Founder and Owner.	Directors. - The Saudi Stock Exchange Company - Member of the Board of Directors.		
8	Khalid Bin Abdullah AlRumaih	Manager, Government affairs, Central Province – Saudi Arabian Oil Co.	- General Supervisor and Director of the Minister's Office. - Several leadership positions in Saudi Arabian Oil Co.	- Bachelor's in psychology - King Saud University. - Advanced in English language, communication and international commerce, MLS International College, UK	Twenty-five years of experience several management positions.

**7-4 During the year, the Board of directors convened five meetings and following is the position:**

Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Number of Meetings attended
	25-Feb-21	26-May-21	9-Jun-21	8-Sep-21	15-Dec-21	
1 Abdul Mohsen Abdulaziz Alfares	✓	✓	✓	✓	✓	5/5
2 Hironari Iwakuma	✓	✓	✓	✓	✓	5/5
3 Abdullah Ali Alkhalifa	Not appointed	Not appointed	✓	✓	✓	3/3
4 Satoshi Furuya	Not appointed	Not appointed	✓	✓	✓	3/3
5 Emad Abdulrahman Albutairi	Not appointed	Not appointed	✓	✓	Absent	2/3
6 Ali Suliman Alayed	✓	✓	✓	✓	✓	5/5
7 Beshr Mohammed Bakheet	Not appointed	Not appointed	✓	✓	✓	3/3
8 Khalid Abdullah AlRumaih	Not appointed	Not appointed	✓	✓	✓	3/3
9 Toshiaki Suzuki	✓	✓	Not appointed	Not appointed	Not appointed	2/2
10 Mutlaq Hamad Al Morished	✓	✓	Not appointed	Not appointed	Not appointed	2/2
11 Essam Abdulaziz Banaja	✓	✓	Not appointed	Not appointed	Not appointed	2/2

1 2	Ibrahim Suliman AlSayari	✓	✓	Not appointed	Not appointed	Not appointed	2/2
Number of attendees in each meeting		7/7	7/7	8/8	8/8	7/8	-

## 8. Committees of the Board of Directors

ATMC Board of Directors has established committees which include Board members and external independent members.

### 8-1 Audit Committee

#### Brief of the Audit Committee:

The Audit Committee consists of three members. The Committee reviews the financial statements of the Company and submit proposals to the Board of directors. The Audit Committee reviews internal audit and compliance reports, also assesses the procedures and performance of the external auditors and approves the plan of compliance, annual internal audit and related audit plans.

#### Formation of the Committee:

The Audit Committee was formed in accordance with the resolution of the Tenth Ordinary General Assembly held on May 26, 2021, for the fourth session of the Board of Directors, which began on June 9, 2021, and ends on June 8, 2024.

	Name	Classification
1	Ali Suliman Alayed	Chairman of the Committee, Independent Board Member
2	Ahmed Abdullah AlMeghames	Member of the Committee, from outside the Board
3	Sulayman Alsugair	Member of the Committee, from outside the Board

### The Audit Committee held seven meetings during the year 2021

	Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Seventh Meeting	Number of Meetings attended
		25-Feb-21	04-Mar-21	03-May-21	22-Jun-21	11-Aug-21	01-Nov-21	06-Dec-21	
1	Ali Suliman Alayed	Not appointed	Not appointed	Not appointed	✓	✓	✓	✓	4/4
2	Ahmed Abdullah AlMeghames	✓	✓	✓	✓	✓	✓	✓	7/7
3	Sulayman Alsugair	Not appointed	Not appointed	Not appointed	✓	✓	✓	✓	4/4
4	Essam bin Abdul Aziz Banaja	✓	✓	✓	Not appointed	Not appointed	Not appointed	Not appointed	3/3

5	Abdullah Abdul Rahman Al Rowis	Absent	✓	✓	Not appointed	Not appointed	Not appointed	Not appointed	2/3
Number of attendees in each meeting		2/3	3/3	3/3	3/3	3/3	3/3	3/3	-

### Remunerations of the Audit Committee members

(unit: SAR)

Name		Fixed remunerations recorded in the fiscal year 2021	Meeting attendance allowance	Total
1	Ali Suliman Alayed	-	6,000	6,000
2	Ahmed Abdullah AlMeghames	50,000	10,500	60,500
3	Sulayman Alsugair	28,219.18	6,000	34,219.18
4	Essam bin Abdul Aziz Banaja	-	4,500	4,500
5	Abdullah Abdul Rahman Al Rowis	21,780.82	3,000	24,780.82
Total		100,000	30,000	130,000

### 8-2 Nomination and Remuneration Committee

#### Brief of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee consists of three members. The Committee studies the remunerations (including incentives, long-term incentives and salary increases) paid to the executive management of the Company. In addition, the Committee approves the policies and procedures of human resources and provides recommendations about the appointment of Committee members.

#### Formation of the Committee:

The Nominations and Remunerations Committee was formed pursuant to a resolution of the fourth session of the Board of Directors, which began on June 9, 2021, and ends on June 8, 2024.

	Name	Classification
1	Khalid Abdullah AlRumaih	Chairman of the Committee, Independent Board Member
2	Hironari Iwakuma	Member of the Committee, Non-executive Board member
3	Beshr Mohammed Bakheet	Member of the Committee, Independent Board Member

**The Nomination and Remuneration Committee held three meetings during the year 2021\*.**

Name	First Meeting	Second Meeting	Third Meeting	Number of Meetings attended	
	25-Feb-21	25-May-21	8-Sep-21		
1	Khalid Abdullah Alrumaih	✓	✓	✓	3/3
2	Hironari Iwakuma	✓	✓	✓	3/3
3	Beshr Mohammed Bakheet	Not appointed	Not appointed	✓	1/1
4	Essam bin Abdul Aziz Banaja	✓	✓	Not appointed	2/2
Number of attendees in each meeting		3/3	3/3	3/3	-

#### Remunerations of the Nomination and Remuneration Committee members (unit: SAR)

Name	Fixed remunerations recorded in the fiscal year 2021	Meeting attendance allowance	Total	
1	Khalid Abdullah Alrumaih	-	4,500	4,500
2	Hironari Iwakuma	-	4,500	4,500
3	Essam bin Abdul Aziz Banaja	-	3,000	3,000
4	Beshr Mohammed Bakheet	-	1,500	1,500
Total		-	13,500	13,500

#### 8-3 Risk Management Committee:

##### Brief of the Risk Management Committee:

The Risk Management Committee consists of three members. The committee develops a comprehensive risk management strategy and monitors its implementation thereof, reviews, and updates when necessary, based on the internal and external risk factors affecting the company. The committee also reviews the risk management policies and periodically reassess the company's ability to take on exposure to risks (for example, by conducting stress tests). The company submits detailed reports to the Board of Directors on exposure to risks and the proposed steps to manage such risks.

##### Formation of the Committee:

	Name	Classification
1	Emad Abdulrahman Albutairi	Chairman of the Committee, Non-executive Board member
2	Satoshi Furuya	Member of the Committee, Non-executive Board member



3	Felipe Montalban Cortejos	Member of the Committee, from outside the Board
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**The Risk Management Committee held four meetings during the year 2021** (unit: SAR)

	Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Number of Meetings attended
		23-Feb-21	7-Sep-21	15-Nov-21	22-Dec-21	
1	Emad Abdulrahman Albutairi	Not appointed	✓	✓	✓	3/3
2	Satoshi Furuya	Not appointed	✓	✓	✓	3/3
3	Felipe Montalban Cortejos	✓	✓	✓	✓	4/4
4	Ibrahim Suleiman AlSayari	✓	Not appointed	Not appointed	Not appointed	1/1
5	Toshiaki Suzuki	✓	Not appointed	Not appointed	Not appointed	1/1
Number of attendees in each meeting		3/3	3/3	3/3	3/3	-

**Remunerations of the Risk Management Committee members**

	Name	Fixed remunerations recorded in the fiscal year 2021	Meeting attendance allowance	Total
1	Emad Abdulrahman Albutairi	-	4,500	4,500
2	Satoshi Furuya	-	4,500	4,500
3	Felipe Montalban Cortejos	-	6,000	6,000
4	Ibrahim Suleiman AlSayari	-	1,500	1,500
5	Toshiaki Suzuki	-	1,500	1,500
Total		-	18,000	18,000

**8-4 Executive Committee:**

**Brief of the Executive Committee:**

The Executive Committee consists of five members. The role of the committee is to support the Board of directors in managing the business by revising and monitoring the operational performance of the Company and verifying that the Company achieved the required objectives thereof.

**Formation of the Committee:**

	Name	Classification
1	Hironari Iwakuma	Chairman of the Committee, Non-executive Board member
2	Abdalmohsen Abdulaziz Alfares	Member of the Committee, Non-executive Board member
3	Abdullah AlKhalifa	Member of the Committee, Non-executive Board member
4	Satoshi Furuya	Member of the Committee, Non-executive Board member
5	Ali Suliman Alayed	Member of the Committee, Independent Board member

**The Executive Committee held six meetings during 2021:**

	Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Number of Meetings attended
		24-Feb-21	26-May-21	7-Sep-21	21-Oct-21	16-Nov-21	14-Dec-21	
1	Hironari Iwakuma	✓	✓	✓	✓	Absent	✓	5/6
2	Abdalmohsen Alfares	✓	✓	✓	✓	✓	✓	6/6
3	Abdullah AlKhalifa	Not appointed	Not appointed	✓	✓	✓	✓	4/4
4	Satoshi Furuya	Not appointed	Not appointed	✓	✓	✓	✓	4/4
5	Ali Suliman Alayed	✓	✓	✓	✓	✓	✓	6/6
6	Toshiaki Suzuki	✓	✓	Not appointed	Not appointed	Not appointed	Not appointed	2/2
Number of attendees in each meeting		4/4	4/4	5/5	5/5	4/5	5/5	-

**Remunerations of the Executive Committee members**

(unit: SAR)

	Name	Fixed remunerations recorded in the fiscal year 2021	Meeting attendance allowance	Total
1	Hironari Iwakuma	-	7,500	7,500
2	Abdalmohsen Alfares	-	9,000	9,000
3	Abdullah AlKhalifa	-	6,000	6,000
4	Satoshi Furuya	-	6,000	6,000

5	Ali Suliman Alayed	-	9,000	9,000
6	Toshiaki Suzuki	-	3,000	3,000
Total		-	40,500	40,500

### 8-5 Investment Committee:

#### Brief of the Investment Committee:

The Investment Committee consists of three members. The committee assists the Company in monitoring the implementation of its investment policy thereof and supervising such investments. In addition, the Committee supervises investments of the Company to achieve the best return within the framework of the existence of acceptable risks as determined by the Board of directors, also monitors the liquidity requirements. The Committee also makes sure that the investments comply with the requirements of SAMA and abide by the Islamic Sharia. Moreover, the Investment Committee provides investment consultations to the Board.

#### Formation of the Committee:

	Name	Classification
1	Beshr Mohammed Bakheet	Chairman of the Committee, independent Board member
2	Emad Abdulrahman Albutairi	Member of the Committee, non-executive Board member
3	Khalid Abdullah AlRumaih	Member of the Committee, independent Board member

#### The Investment Committee held four meetings during 2021

	Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Number of Meetings attended
		23-Feb-21	6-Sep-21	10-Nov-21	14-Dec-21	
1	Beshr Mohammed Bakheet	Not appointed	✓	✓	✓	3/3
2	Emad Abdulrahman Abdulkarim Albutairi	Not appointed	Absent	✓	Absent	1/3
3	Khalid Abdullah AlRumaih	✓	✓	✓	✓	4/4
4	Ali Suliman Alayed	✓	Not appointed	Not appointed	Not appointed	1/1
5	Ibrahim Suliman AlSayari	✓	Not appointed	Not appointed	Not appointed	1/1
Number of attendees in each meeting		3/3	2/3	3/3	2/3	-

#### Remunerations of the Investment Committee members

(unit: SAR)

Name	Fixed remunerations recorded in the fiscal year 2021	Meeting attendance allowance	Total
1 Beshr Mohammed Bakheet	-	4,500	4,500
2 Emad Abdulrahman Abdulkarim Albutairi	-	1,500	1,500
3 Khalid Abdullah AIRumaih	-	6,000	6,000
4 Ali Suliman Alayed	-	1,500	1,500
5 Ibrahim Suliman ALSayari	-	1,500	1,500
Total	-	15,000	15,000

#### 8-6 Brief about the members of the Committees from outside the Board:

Name	Com mittee	Current Position	Previous Position	Qualifications	Experience s
1 Ahmad Abdullah Al-meghames	Audit Com mittee	Secretary General of the Saudi Organizati on for Auditors and Accountants (SOCPA)s	Assistant Professor - King Saud University	- Bachelor of Accounting - King Saud University. - MBA Accounting - University of Bridgeport. - Ph.D. in Business Administration and Accounting - University of Mississippi, USA - Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA)	Twenty-five years of experience in the sector of accountin g.
2 Sulayman Alsugair	Audit Com mittee	-	Head of Information and Communication Technology (CIO) Sector - Saudi Electricity Company Director of Planning and Information and Communication Technology Projects - Saudi Electricity Company Director of Information and Communication Technology Network	- Bachelor's in Computer Science - Central Michigan University - MSc Computer Science Western Illinois University	Thirty-two years of experience in managem ent and information technolog y

				Department - Saudi Electricity Company Director of Information and Communication Technology Operations and Services Department - Saudi Electricity Company Member of the Board of Directors - Dawiyat Communications Company		
3	Felipe Montalban Cortijos	Risk Committee	Senior Risk Advisor at Alinma Bank	Chief Risk Officer and General Manager of Risk of Alinma Bank Regional Risk Manager, Central Region - Samba Financial Group	- Master of business Administration – Ateneo University, Philippines B.A. of Economy and Finance - Xavier University (Ateneo de Cagayan), Philippines	Forty-seven years of experience in financial and risk management and in local and international banks.

### 8-7 Sharia Committee

The Shariah Committee is affiliated with the General Assembly, and it is considered an important committee in the company, supported by a dedicated technical and administrative staff to achieve its goal, and perform its work called (Secretariat of the Sharia Committee). The Shariah Committee is directly linked to the company's general assembly and is independent of all its departments. Its work is concerned with examining and verifying compliance with the provisions of Islamic Sharia in all the company's transactions and activities, and Shariah control over its performance. In accordance with the Shariah control standards that it adopts, whether inside or outside the Kingdom of Saudi Arabia, with a statement of the Shariah rulings in that, and to enhance the company's participation in introducing the cooperative insurance industry and contributing to its development, by looking into all the company's transactions, including the company's financial statements before being approved by the Board of Directors, as well as the documents, products, contracts, agreements, forms and the like, accepted and issued what is required in this regard, such as periodic reports on the company's performance from a legal point of view, and announced them to the shareholders.

Sharia Committee in ATMC consists of the following members:

	Name	Classification
1	Abdullah bin Mohamed Al-Mottleq	Chairman of the Committee
2	Mohamed bin Ali Al-Qari	Member of the Committee
3	Yousef Abdullah Al-Shebili	Member of the Committee

### 9. Executive Management

9-1 The Company is managed by a specialized and experienced team presided over by CEO for achieving the objectives of the Company and working on implementing the recommendations of the Board of directors. Brief summary of the Executive Management of the Company is as follows:

	Name	Current position	Previous Position	Qualifications	Experiences
1	Kentaro Kita	Chief Executive Officer (CEO)	Manager, International Business Development Department - Tokio Marine Holdings, Inc. Director - Tokio Marine Middle East Limited Treasurer and Chief Operating Officer - Tokio Marine Pacific Insurance Limited	B.A. of Economy, Keio University Master of Business Administration, Massachusetts Institute of Technology	Twenty-six years of experience in the insurance sector
2	Abdullah Ali AlTuraiki	Chief of Human Capital and Support Services (CHCSS - Secretary of Nominations and Remunerations, Alinma Tokio Marine)	Head of Department, Human Resources Group in Al Rajhi Bank Branch Manager, Retail Banking Group in Al Rajhi Bank Head of Human Resources, Branches Network, Retail Banking Group in Al Rajhi Bank Assistant General Manager, Human Capital Group in Alinma Bank Consultant of Human Resource, Alinma Tokio Marine Secretary of the Board, Alinma Tokio Marine	Diploma in Human Resources Diploma in Commerce Diploma in English Language	Twenty-Eight years of experience in the financial and administrative sector
3	Samer Ibrahim Abdulrahman Al-Jabhan	Chief Sales Officer (CSO)	Head of Brokers & International Partners - Tawuniya Insurance Company. Senior Manager, Key Brokers - Tawuniya Insurance Company. ACE Arabia Cooperative Insurance Co. - Riyadh Branch Manager Central Region Manager- ROYAL & SUNALLIANCE RSA. Central Region Manager - Chubb Cooperative Insurance Company	Bachelors of English Linguistics and Literature Faculty of Arts and Human Science, Language Department, King Abdulaziz University, Jeddah Saudi Arabia Institute of The Bahrain Institute of Banking and Finance	More than twenty-four years of experience in the insurance sector.
4	Bander Suliman Ali Najjar	Chief Technical Officer (CTO)	Senior Head of Underwriting Department - National Insurance Company. Head of Underwriting Department - National Insurance Company. Director of Underwriting and Operations Department - National Insurance Company. Director of Underwriting and Operations Department - Saudi National Insurance Company.	Dip CII – Bahrain  Advanced diploma in BIBF - Bahrain  Intermediate diploma in BIBF - Jeddah.	Twenty-one years of experience in Underwriting and Insurance Operations
5	Siraj Omar Jamal	Acting Chief Finance Officer	Finance Director - Saudi Indian Company for Cooperative Insurance (Wafa). Finance Supervisor - Saudi Indian Company for Cooperative Insurance	Bachelor of Accounting - Umm Al-Qura University	Fourteen years of experience in Finance

	(CFO) Secretary of the Executive Committee Secretary of the Investment Committee	Wafa. Senior Risk Officer, Human Resources Manager / Acting - Al Ahli Takaful Company Accountant - Al Ahly Takaful Company Accountant - Saudi Students Association - British Columbia	Master of Finance – Texas A&M University Health Insurance Diploma - LOMA	and insurance sector
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**9-2 Benefits and remunerations given to the Board members, committees, and senior executives**

The annual remuneration is payable to the members of the Board of directors of Alinma Tokio Marine after obtaining the approval of the general assembly of the Company. In addition, the Company paid allowances for attending the meetings and relevant expenses applicable to the members of the Board and committees emerging therefrom. This is as per the laws and regulations applicable in KSA. The Company also paid the entitlements of senior executives according to the terms of the employment contract.

**10-1 Details about the remuneration-related policies of the Board members and mechanism of determining them:**

The Saudi Companies Law provides for in Article (76) that "the total amount of remunerations, remunerations, financial benefits or benefits in kind obtained by a member of the Board does not exceed an amount of five hundred thousand Saudi riyals annually as per the controls developed by the competent authority."

The remuneration payable to the Chairman and the Directors of the Company, including the fees for attendance of Board and Committee meetings, is in line with the Article 19 of the Company's By-Laws.

**10-2 Remunerations of Board Members:**

The below table represents the actual remuneration paid to the Board members in 2021 related to 2020 and based on the General Assembly approval.

**The third session of the Board of Directors, which had ended on June 8, 2021 (unit: SAR)**

Fixed remuneration *							
	Certain Amount	Allowance for attending the meeting of the Board	Total allowance for attending the Committee meetings	Benefits in kind	Remunerations for technical, administrative and consulting works	Remunerations for Chairman, managing director, or secretary, in case he is a Board member	Total
<b>Independent Members</b>							
1	Essam Abdulaziz Banaja	87,123	6,000	7,500			100,623
2	Ali Suliman Alayed	87,123	6,000	4,500			97,623
Total		174,247	12,000	12,000	-	-	198,247
<b>Non-executive Members</b>							
3	Abdumohsen Abdulaziz Alfares	87,123	6,000	3,000	-	-	96,123
4	Ibrahim Suliman ALSayari	87,123	6,000	3,000	-	-	96,123
5	Hironari Iwakuma	87,123	6,000	6,000	-	-	99,123
6	Toshiaki Suzuki	87,123	6,000	4,500	-	-	97,623
7	Mutlaq Hamad Al Morished	87,123	6,000	0	-	-	93,123
Total		435,616	30,000	16,500	-	-	482,116

\* The Company has not paid variable remunerations and End of service reward to Board members.

**The fourth session of the Board of Directors, which began on June 9, 2021 (unit: SAR)**

Fixed remuneration *							
	Certain Amount	Allowance for attending the meeting of the Board	Total allowance for attending the Committee meetings	Benefits in kind	Remunerations for technical, administrative and consulting works	Remunerations for Chairman, managing director, or secretary, in case he is a Board member	Total
<b>Independent Members</b>							
1	Ali Suliman Alayed	112,877	9,000	12,000			133,877
2	Khalid Abdullah AlRumaih	112,877	9,000	6,000			127,877
3	Beshr Mohammed Bakheet	112,877	9,000	6,000			127,877
Total		338,630	27,000	24,000	-	-	389,630
<b>Non-executive Members</b>							
4	Abdumohsen Abdulaziz Alfares	112,877	9,000	6,000			127,877
5	Hironari Iwakuma	112,877	9,000	6,000			127,877
6	Abdullah Ali Alkhalifa	112,877	9,000	6,000			127,877
7	Satoshi Furuya	112,877	9,000	10,500			132,377
8	Emad Abdulrahman Albutairi	112,877	6,000	6,000			124,877
Total		564,384	42,000	34,500	-	-	640,884

\* The Company has not paid variable remunerations and End of service reward to Board members.



### 10-3 Senior Executives Remunerations:

The following table shows the remuneration paid to top five senior executives (including CEO and CFO) during the year 2021;

Positions of Senior Executives	Fixed Remunerations *				End of Service Benefits	Grand Total
	Salaries	Allowances	Benefits	Total		
Chief Executive Officer	677,652	462,360		1,140,012	69,114	1,209,126
Chief Human Capital & Support Services Officer	493,242	234,921		728,163	56,646	784,809
Chief Sales Officer	574,668	273,048		847,716	53,904	901,620
Chief Technical Officer	251,860	112,940		364,800	20,039	384,839
Chief Financial Officer	247,224	115,020		362,244	18,368	380,612
Total	2,244,646	1,198,289	-	3,442,935	218,071	3,661,006

\* The Company has not paid variable remunerations to senior executives.

### 11. Internal Control System and Effectiveness thereof

The management is responsible for establishing and maintaining an adequate and effective system of internal controls for implementing strategies and policies as approved by Board of Directors. The system of internal controls is based on what management considers to be appropriate for the company's activities, considering the materiality of the financial and other risks inherent in those activities and the relative costs and benefits of implementing specific controls. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and, as such, provides reasonable, but not absolute, assurance against material misstatement and loss. In addition, the General Assembly has formed an Audit Committee, which periodically reviews the reports submitted by the internal and external auditors. Such reports also include the evaluation of the effectiveness or otherwise of the internal controls. In view of the above, we believe that the company has a reasonably sound and effective system of internal controls in force, both in design and implementation. During the year, there have been no material observations in respect of the effectiveness of internal control system and procedures of the company.

### 12. Subsidiaries

As required in terms of the CMA disclosure requirement of Article 90 paragraphs 22 and 23, the Company and the Board confirms that the Company has no subsidiaries and therefore no issued shares nor any debt instruments for any subsidiary.

### 13. Appointment of Auditors

The Company's General Assembly held on 26<sup>th</sup> May 2021 agreed with the Board of Directors and appointed PKF Albassam & Partners. and AlAzem, AlSudairy, AlShaikh & Partners as joint external auditors of the Company's financial statements for the fiscal year ended 31<sup>st</sup> December 2021.

The Board has accepted all the recommendations of the Audit Committee relating to the appointment, and determination of the remuneration of the external auditors. The Board of Directors has not recommended that the external auditors should be changed before their current term elapses.

#### 14. Borrowing or Loans

As required in terms of the CMA disclosure requirement of Article 90 and paragraph 27, the Company and the Board confirms that it has no borrowing or loans outstanding at the end of the period and nor has it been required to make any payments against borrowings or loans during the period.

#### 15. Related Parties

There are no transactions and contracts concluded by the Company through any of the members of the Board, CEO, CFO, or any other party having a material interest in such contracts. This is with the exception to the transactions and contracts referred to in Paragraph (17) and employment contracts of senior executives. It shall be taken into consideration that one of the conditions of such contracts that it shall not grant any preferential benefits and insurance premiums shall be directly paid. Such contracts shall be presented for obtaining the approval of the general assembly therefor.

#### 16. Financial Transactions of related Parties during the year are as follows:

Related Party	Interested Board Member	Relationship Nature	Transaction Nature	Term	Contract Amount(million)
Alinma Bank	Abdalmohsen Abdulaziz Alfares Abdullah Ali Alkhalifa	Contractual relationship	Insurance	Year	Gross Written Premium SAR 42.97M
	Emad Abdulrahman Albutairi	Contractual relationship	Service contracts	Year	SAR 4.7M
Alinma Investment	Abdalmohsen Abdulaziz Alfares Abdullah Ali Alkhalifa Emad Abdulrahman Albutairi	Contractual relationship	Investment agreement	Year	SAR 42.87M
Tokio Marine & Nichido Fire Insurance Co.	Hironari Iwakuma Satoshi Furuya	Contractual relationship	Premiums – reinsurance agreement	Year	Reinsurance Premium SAR 9.71M
Tokio Marine Middle East Limited	Hironari Iwakuma Satoshi Furuya	Contractual relationship	General and administrative expenses	Year	SAR 0.04M

## 17. Important Resolution of the Board during the Fiscal Year of 2021:

Amongst many the major Board resolutions/ approvals during the year were the following:

- Reinsurance strategy for the year 2021
- Anti-Money Laundering Manual - Combating Terrorism.
- Conflict-of-interest policy
- Authority matrix
- Appointment of the External Auditors for 2021-2022
- Update ATMC structure
- Annual financial statements for the year 2020 and quarterly financial statements for the first, second, third quarter of 2021
- Appointment of the Chairman and Vice Chairman for the fourth session of the Board of Directors
- Appointment of Chairmen and members for fourth session of the committees of the Board of Directors
- Risk Management Department Manual, Risk Management Strategy, Risk Appetite - KRI Statement and Framework.
- Risk Registration Document, Risk Maturity Assessment Form

### 17-1 Notifying the Board Members of the proposals of the Shareholders:

The Board always realizes the rights of the shareholders and works towards protecting their rights to ensure fairness and equality between them. In this regard, all proposals and notes of the shareholders about the Company and its performance of business shall be taken into consideration. Moreover, the members of the Board shall be informed thereof and work on achieving the same. It shall be noted that, during 2021, there were no notices issued by the shareholders for encouraging the Board to take any action.

### 17-2 Assessment of the performance of the Board and its Members and Committees:

The Nomination and Remuneration Committee assessed the performance of the Board and its members and committees after the end of the fiscal year of 2021.

## 18. General Assembly Meeting held in 2021

The General Assembly Meeting of the Company for the year 2021 was held on 26<sup>th</sup> May 2021, and we include the highlights of our key Tadawul announcements, and the summary of the General Assembly resolutions approved.

### 19. Requests of the Company associated with Shareholders' Record:

The number of the company's requests to the shareholders register	Request Date	Request Reason
1	3 <sup>rd</sup> Mar 2021	Corporate Action
2	30 <sup>th</sup> Mar 2021	Corporate Action
3	17 <sup>th</sup> May 2021	Corporate Action
4	26 <sup>th</sup> May 2021	General assembly

As required in terms of the CMA disclosure requirements of Article 90, paragraph 32, during 2021, the Company made four requests on Tadawul for its shareholder database.

The above all being for the purpose of ensuring fulfilment of regulatory requirements and to better understand and serve our Shareholders' needs.

## 20. Policy of Profit Distribution

The Company intends to distribute dividends from its annual net profits to Shareholders, after payment of Zakat and applicable taxes to the Department of Zakat and Income

Taxes, which will be calculated from the Company's net profit, after distributing the policyholders' surplus as per the surplus distribution policy of the Company and in accordance with article 70 of the Implementing Regulations.

The Ordinary General Assembly may also, upon the proposal of the Board, approve to withhold a percentage of the net profits to constitute an additional reserve and allocate it for purposes that contribute to consolidate the Company's financial position, increase its expansion potentials, and invest in the elements of its future success.

Any declaration of dividends will depend on the Company's financial position, the market condition, the general economic conditions, and other factors, including the availability of investment opportunities, reinvestment of dividends and the Company's need for cash and capital, as well as other legal and regulatory considerations to fulfil the contractual obligations of the Company. Dividends will be distributed in Saudi Riyals.

Although the Company intends to distribute dividends to its Shareholders, it does not guarantee any actual distribution of dividends in any year, nor does it guarantee the amount which will be distributed in any year in the future.

The dividends distribution is subject to certain limitations stipulated in Article 45 of the Company's By-laws and Article 70 of the SAMA Implementing Regulations, the Shareholder's profits shall be distributed as follows:

1. 20% of the net profits shall be withheld to form a statutory reserve. The Ordinary General Assembly may discontinue this withholding of the net profits when the said reserve reaches the entire paid-up capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, withhold an additional percentage of the annual net profits to form an additional reserve to be allocated for the purpose or specific purposes decided by the Ordinary General Assembly.
3. The balance shall be paid to the Shareholders as an initial payment of not less than 5% of the paid-up capital.
4. By resolution of the Board of Directors, periodic profits, deducted from the annual profits specified in point 3 above, may be distributed in accordance with applicable rules and regulations issued by the competent authorities.

The Company shall immediately inform the Capital Market Authority (the "CMA") of any resolutions or recommendations for distribution of profit. The profits, so proposed for the distribution shall be paid to the Shareholders at the place and time specified by the Board pursuant to the instructions issued by the Ministry of Commerce & Industry and subject to SAMA written approval.

It shall be taken into account that there are no profits for the fiscal year of 2021 and therefore no profits are distributed.

## 21. Regulatory Penalties

### 21-1 Resolutions of Saudi Central Bank:

Violation Subject	Fiscal Year 2020		Fiscal Year 2021	
	Number of Executive Resolution	Total amount of Financial Penalties in SAR	Number of Executive Resolution	Total amount of Financial Penalties in SAR
Violation of the supervisory and controlling instructions of the Company	12	260,000-	5	420,000
Violation of the instructions of the Company on client protection	-	-	-	-
Violation of the instructions of the Company on taking care for anti-money laundry and terrorism finance	5	260,000	-	-

21-2 Except for the above, there are no regulatory penalties imposed on the Company in 2021. The Board of directors have shown serious concerns and directed the management to prepare a detailed checklist for all the regulations and circulars issued and to ensure full compliance of the regulations to avoid any breaches hindering the performance of the Company.

## 22. Compliance with the Governance Regulations:

The Company is committed to, and is in full compliance with, the full adherence to the provisions of the SAMA Insurance Corporate Governance Regulations, as well as with that of the requirements of the Company's Code of Corporate Governance. The Company is also in compliance with the CMA Corporate Governance Regulations with the following exceptions:

	Article/ Paragraph no.	Article/ Paragraph Text	Reasons for Non-Implementation
1	Article 41(f) Assessment of Chairman of the Board	Assessment / The non-executive members of the Board conduct periodical assessment of the performance of Board Chairperson after taking the points of view of the executive members. The Board chairperson is not required to attend the discussion associated with the same. The strengths, weaknesses, and proposals of dealing with the same shall be determined in line with the interest of the Company.	The company has an approved policy and procedures for evaluating the board of directors and committees
2	Article (87) Social Responsibility	Social liability / the ordinary general assembly sets, based on the proposal of the Board, a policy ensuring the balance between the objectives thereof and those intended to be achieved by the society for developing the social and economic conditions of the society.	The Company works on developing the social contributions policy
3	Article (88) Social Initiatives	Initiative of social work / the Board sets the programs, determines the means necessary for offering the initiatives of the Company in the field of social work. The same includes the following: 1) Setting the measurement indicators linking the performance of the Company to the initiatives offered thereby in the social work field and comparing the same with other companies	All initiatives of the Company associated with the social work shall be covered in the policy prepared for this purpose. The same is going to be approved by the relevant bodies in 2022.

		<p>practicing similar activity.</p> <p>2) Disclosing the objectives of social liability adopted by the Company as for the personnel thereof, raising their awareness and providing them with education regarding the same.</p> <p>3) Disclosing the plans of social liability in the periodical reports relating to the activities of the Company.</p> <p>Developing awareness raising programs for the society and to define the corporate social responsibility.</p>	
4	Article (95) Corporate Governance Committee	<p>Formation of Corporate Governance Committee / In case the Board forms a committee specialized in corporate governance, it shall authorize it with the competencies established In Article (94) of these Regulations. The Committee shall monitor any issues associated with governance application, annually provide the Board at least with the reports and recommendations reached thereby.</p>	<p>Although the company does not have a corporate governance committee, the board of directors and its affiliated committees periodically monitor corporate governance.</p>

### 23. Total benefits for employees

Benefits and compensation of employees are paid in accordance with the provisions of Saudi Labor Law. As of 31<sup>st</sup> December 2021, the accumulated balance for the end of service benefits amounted to SR 6.0 million.

### 24. Social Contributions of the Company

The Company is convinced of the importance of social contributions. Thus, the Company seeks to contribute to serving the society in all fields. Consequently, in 2021, the Company participated in professional forums for investing in Saudi careers. A number of Saudi youths were employed in the different fields of the Company. Moreover, the Company cooperated with a number of Saudi universities to provide trainings to fresh graduates. Further, during the year, through various marketing campaign, the company raise awareness of Protection and Savings insurance.

### 25. Additional declarations:

The Company confirms that:

- There are no loans, whether payable on demand or otherwise, and the company did not pay any amount in settlement of loans.
- There are no convertible debt instruments, options, warrants or similar rights issues or granted by the Company during the year ended 31 December 2021.
- There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by the issuer.
- There is no interest in a class of voting shares held by persons other than ATMC's directors, senior executives and their relatives that have been notified to the Company of their holdings pursuant to Article 45 of the Listing Rules.
- There is no redemption or purchase, or cancellation by the company of any redeemable debt instruments or the amount of such securities outstanding.
- The Company's directors, senior executives, and their relatives (spouse, children, and parents) do not have any interest in the contractually based securities, and subscription rights in the shares or debt instruments of the Company.

- The company did not enter into any business or contract to which a director of the company, the CEO, the CFO or any person related to any of them is or was interested except for the ones mentioned in clause 16.
- There have been no instances of any arrangements or agreements under which any director or senior executive has waived any emolument or compensation.
- There have been no instances of any arrangements or agreements under which any shareholder has waived any rights to any dividends.
- There has been no conflict with audit committee recommendations with board resolution or those which the board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditors.
- The Company does not maintain any treasury shares.

## **26. Declarations:**

We the Board of directors declares the following:

- As required in terms of the CMA disclosure requirement of Article 90, paragraph 39, point a), and as required by Saudi Arabian insurance regulations, the Company, and the Board, confirms that proper books of account have been maintained and that it maintains separate accounts for each of Insurance Operations and Shareholder Operations, and can confirm that it has maintained proper accounting records during the financial year.
- As required in terms of the CMA disclosure requirement of Article 90, paragraph 39, point b), the Company, the Audit Committee, and the Board, confirms the system of internal control is sound in design and has been effectively implemented.
- As required in terms of the CMA disclosure requirement of Article 90, paragraph 39, point c), the Company, and the Board, confirm there are no significant doubts about the Company's ability to continue as a going concern.

We would like to thank the shareholders of the Company for the confidence they have reflected in us. We also appreciate the valued support and guidance provided by the regulators. We would also express our sincere thanks to the employees, strategic partners, vendors, bankers, and customers for their support in pursuit of our corporate objectives.

**Best Regards,**

**Board of Directors**