



شركة ولاء للتأمين التعاوني
Walaa Cooperative Insurance Co.

10th Annual Report of the Board of Directors

For the year ended
31. December. 2017



www.walaa.com
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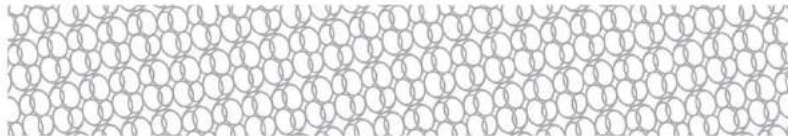


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Message from the Chairman of the Board of Directors

Dear Shareholders,

I am delighted to present the report of the Board of Directors of your Company for the year 2017. During 2017, Wala'a reported Gross Written Premium (GWP) of SAR 1.102 billion as against SAR 1.017 during 2016 (increase of 8.4%) after earning the privilege of entering in to a group of being a 'Billion-Riyal Company'. This is a remarkable milestone that the Company has achieved as compared to a modest GWP of SAR 142m written in the year 2009. Since then, Wala'a has successfully faced several challenges and today stands in the league of being one of the top-10 Insurance companies in the Kingdom in terms of GWP. The report submitted by the CEO of the Company provides more details of the operational aspects of your Company's performance which is now in its tenth-year of growth and progress.

For the year 2017, the Company is pleased to report Net Income of SAR 142m as compared to SAR 117m during 2016 – a healthy increase of 21%. The committed efforts of the management team to achieve a healthy turn-around in its performance continues to lead the Company to report positive results and growth parameters and we are glad to see it producing commendable figures for the year under review. The Company's performance and Shareholders' Equity is now well-positioned and is set to grow stronger in the years to come. With its improved performance, Wala'a has now been able to secure a better financial strength rating from an internationally reputed Rating Agency. In addition to the 'BBB+' Global scale rating (positive outlook), during July 2017 Wala'a has been able to secure ^{gc}AA+ GCC Scale Rating. In addition to securing these international ratings, the Company is also proud to secure ISO 9001:2015 Certification. Wala'a is now a committed insurer in the market with this unique distinction.

The Kingdom of Saudi Arabia has been on the forefront of an economic drive in the region with an ambitious plan known as '**Saudi Vision 2030**' launched by the wise leadership. This broad-based development program covers vital segments of economy, governance, human resource capital, fiscal balances among others. Wala'a intends to dovetail itself into this country-wide project by presenting itself as a responsible insurer of choice and provide risk-management opportunities to its existing and prospective partners. Wala'a's corporate identity in the Kingdom is now more firmly established with its strong performance and we are now seeking to work with prestigious clientele who prefer to work with reputed insurers who can provide a robust and well-devised risk-management program.

The Saudi Insurance industry which operates under a very close scrutiny of the regulators in the Kingdom has recently witnessed excellent transformation in terms of comprehensive corporate governance regulations being introduced. Wala'a has updated its own internal corporate governance regulations and codes in line with these changes and has now set itself on par with best industry standards. Now into third year after increase of its paid-up capital in 2015, Wala'a has continuously maintained its capital adequacy and solvency well above the required and recommended levels. Wala'a share of GWP in KSA's market has doubled in 2017 over the last four years.

As a growing insurance company, we need to conserve cash to strengthen our capital base. At the same time, it is also important to share the success of the company by rewarding its shareholders. With this in mind, the Board recommended a stock dividend instead of cash dividend by way of bonus shares in the ratio of 1:10 during the year, subject to approval of shareholders.

The Company has completed a major re-branding exercise which included launching of a new corporate identity, along with shifting of its head-office to new premises in Al-Khobar. Management team has already put in place several strands of strategies to increase its client-base and also provide state of the art services to its clients. The new location is set to yield several distinct advantages to the Company and its business partners in terms of ease of approach, broad-based service in one location to name a few. As part of developing a stronger corporate identity, the Company has **renamed itself as 'Wala'a Cooperative Insurance Co.'** with its strong fundamentals remaining unchanged.

The Board of Directors likes to thank its shareholders for their trust and confidence and also the work-force of the Company for their dedicated efforts and hard-work in the year and hope that this will continue in the future. Encouraging national employees to grow within the entity and eventually assume bigger roles of leadership and responsibility continues to be a focused area at Wala'a. Employees are urged to pursue vigorously locally available training facilities as well as enroll with professional courses abroad. Wala'a is proud that as at end of 2017, more than 73% of its work-force was national employees with several of them occupying senior executive and managerial roles. The Board and the Management are actively working together to accomplish the Corporate Vision and Mission statements of the Company, which serve as beacons for its charted growth.

The Company also appreciates the trust and faith placed by its business partners in the course of its progress and heartily acknowledges their support. The Board looks forward to Company's growth and progress for the benefit of all stakeholders involved. On behalf of the Company's shareholders and fellow members of the Board, I wish to seize the privilege to convey our hearty gratitude and appreciation to Regulators, various officials at Ministries and governmental agencies who have kindly extended their support to Wala'a at various stages of our operations.

Thank you,

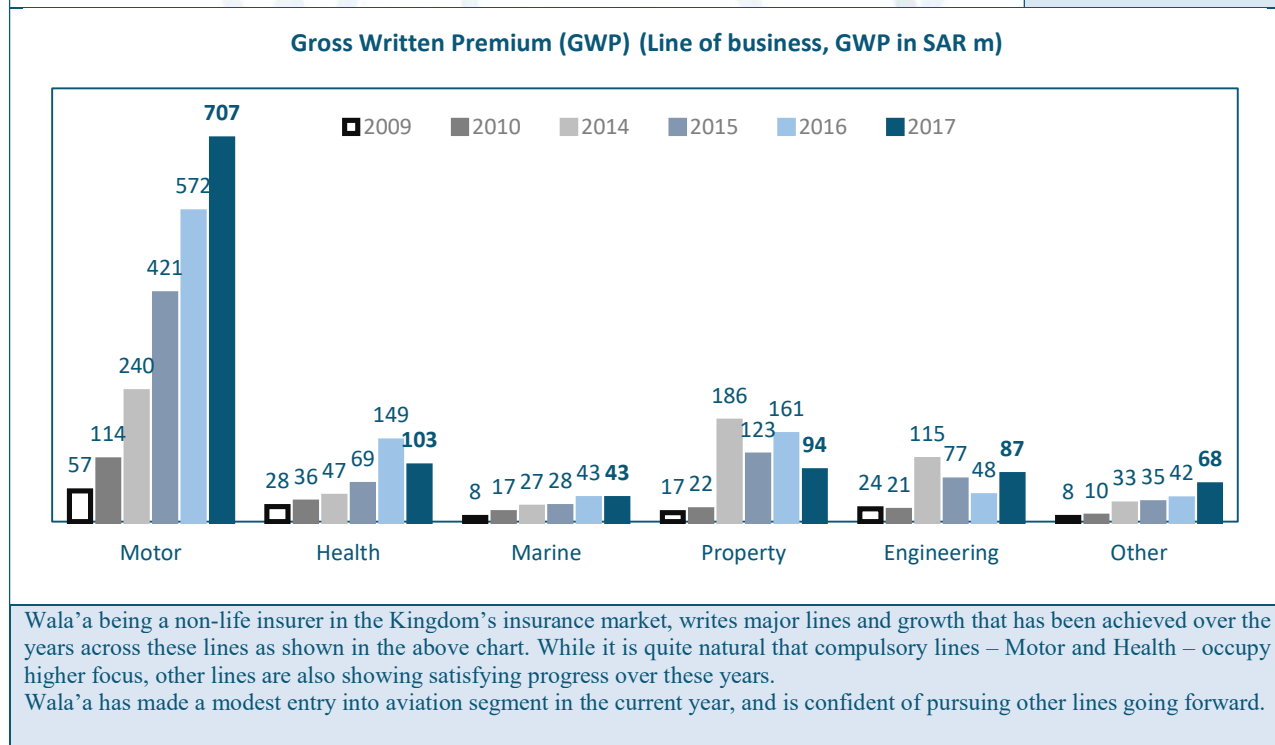
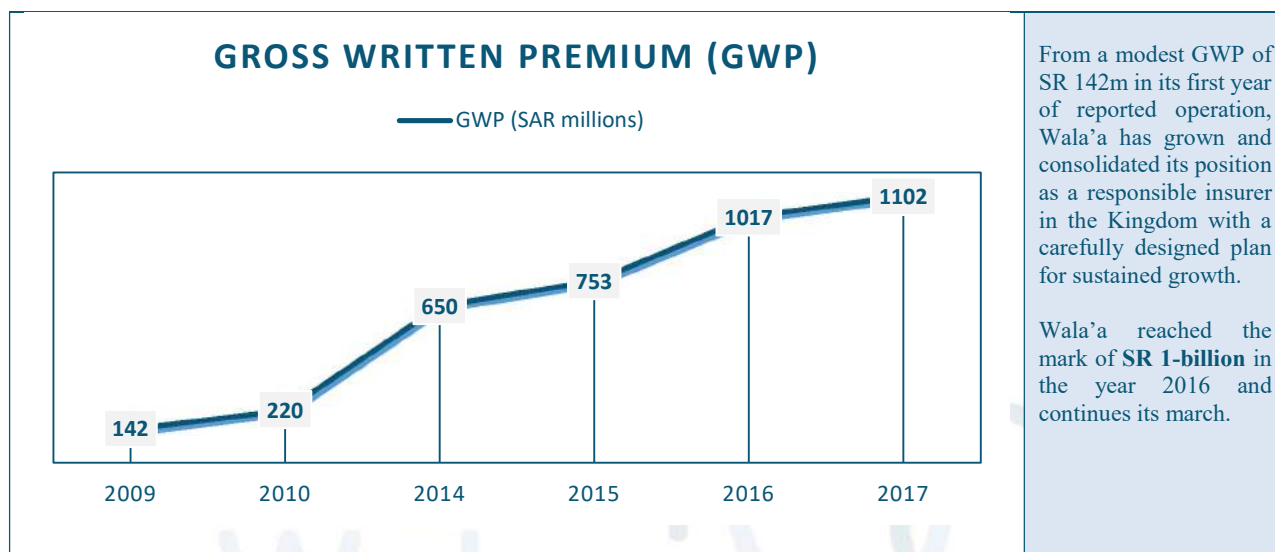
Sincerely,

Suliaman Abdullah Al-Kadi

Message from the Chief Executive Officer

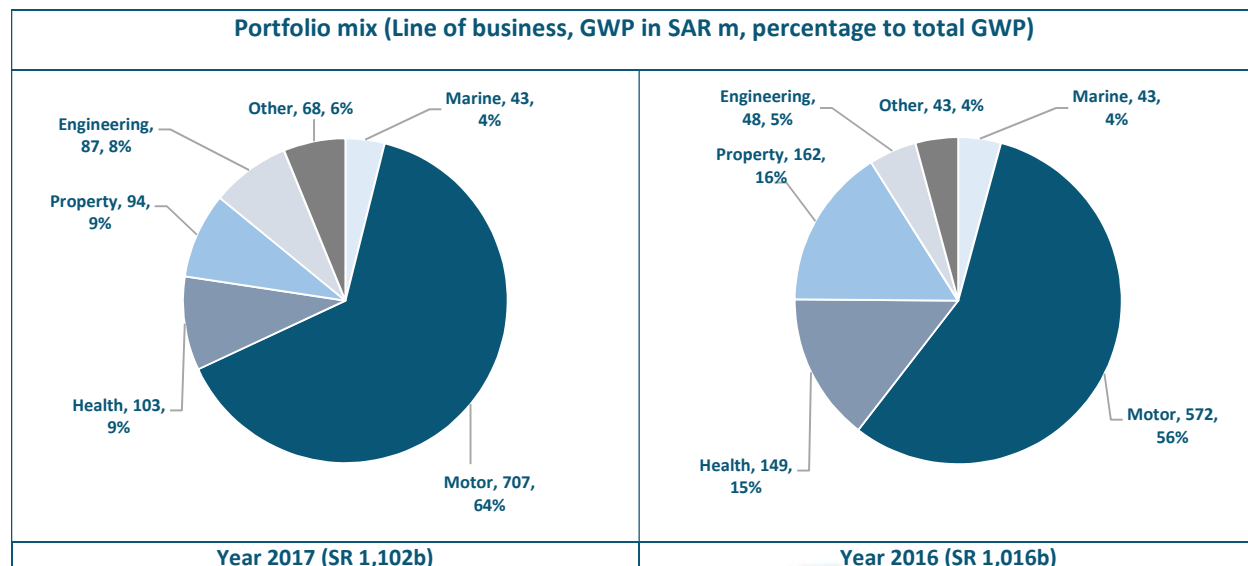
Dear Shareholders,

It is a matter of pride and privilege that the 10th Annual Report of Wala'a is presented to you with satisfying results, and with a prospect of sustained growth expected in the forthcoming years. As the Company is in the threshold of stepping into the next decade of progress, Wala'a is pleased to secure its place into the prestigious league of '**Billion-Riyal**' insurer. The Company's progress in Gross Written Premiums (GWPs) and lines of business are captured in the following charts:



Line of Business Portfolio mix

Wala'a has been consciously maintaining a mix between compulsory lines (motor and health) and other lines over the years. The plans conceived by the Management recognize the importance of maintaining this mix for a wholesome growth of the premium book as also profitability. A modest entry has been made into aviation segment in the year 2017. The portfolio mix for the past two years is demonstrated in the following diagram:



The year under review started off with a challenging situation of having to maintain and grow over the surplus reported from prior year. The Management has worked with a committed objective of not only addressing the situation but, also improve its performance. It is therefore with a hearty feeling we report that compared to a surplus of SR 124m (in 2016) from insurance operations, Wala'a reported a healthy insurance surplus of SR 165m, and a net income of SAR 142m for 2017 (2016: SAR 117m). **These reported results have resulted in reporting a healthy growth in the aggregate Shareholders' Equity.** The attached Financial Statements provide more details in this regard.

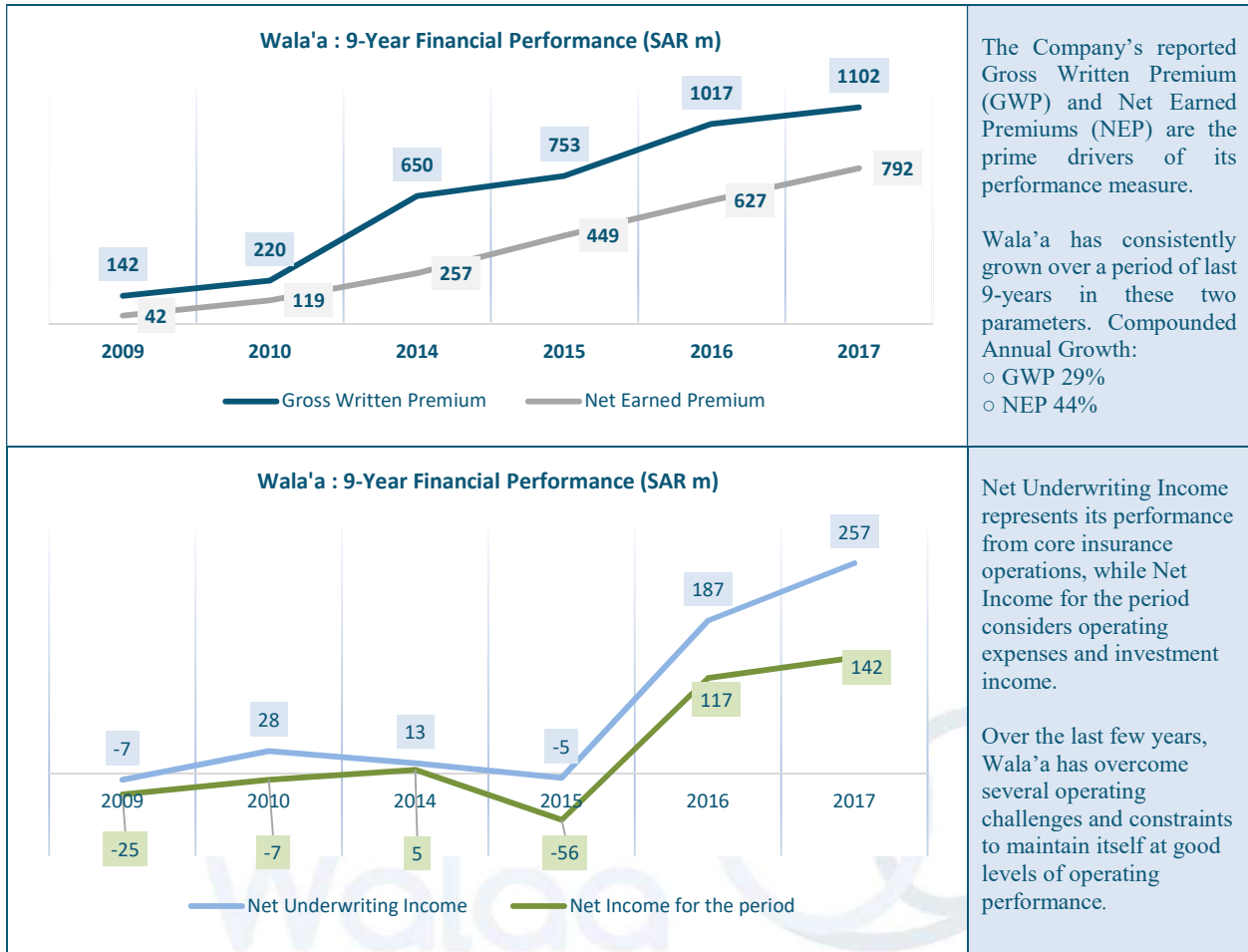
Continuing from previous years, the Kingdom's insurance industry in general is facing a situation of pricing issues, unbalanced concentration of premiums and issues relating to economies of scale when it comes to medium to smaller sized players. The need to carry additional technical reserves based on actuarial analysis continues and Wala'a has adhered to the recommendations of the Reporting Actuary in this regard.

Following sections of the report summarize various performance and other aspects of the Company's operations for the twelve-month period ending 31 December 2017.

Financial

For the year 2017, the shareholders' net income stood at SR 142m, compared to a surplus of SR 117m for the year 2016. This progress is predominantly on account of increase in net earned premiums, increase in underwriting revenues, controlling of losses incurred under motor line of business and optimizing returns on investments.

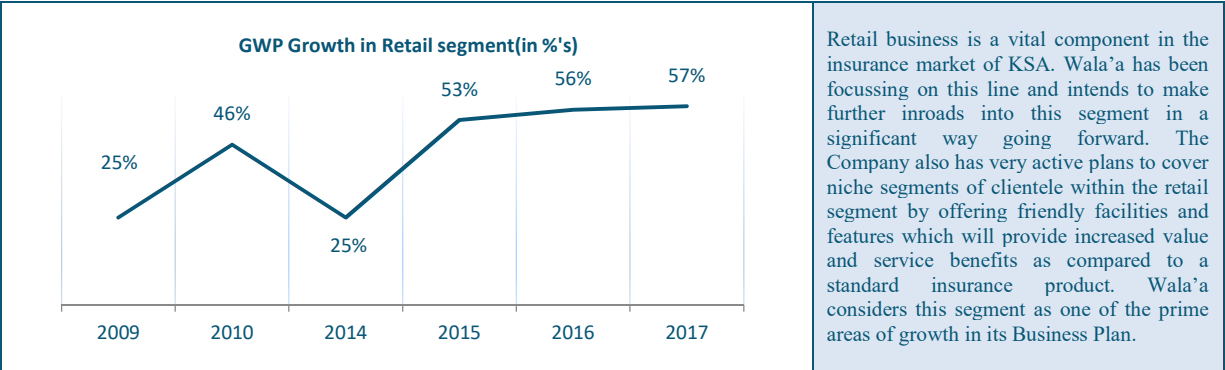
The following charts summarize the 9-years' growth achieved by Wala'a under various operating parameters:



GWP for an insurance company is an important measure based on which rest of the growth parameters tend to develop. Wala'a has achieved a fairly balanced growth across the regions in terms of GWP, and efforts continue to attain sustained growth in this regard.

The following combination diagrams illustrate the commendable growth in GWP across the regions and sources that we have been operating since inception.

<p style="text-align: center;">GWP Growth in Eastern region (SARm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>GWP Growth (SARm)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>76</td> </tr> <tr> <td>2010</td> <td>81</td> </tr> <tr> <td>2014</td> <td>413</td> </tr> <tr> <td>2015</td> <td>334</td> </tr> <tr> <td>2016</td> <td>417</td> </tr> <tr> <td>2017</td> <td>474</td> </tr> </tbody> </table>	Year	GWP Growth (SARm)	2009	76	2010	81	2014	413	2015	334	2016	417	2017	474	<p>The Eastern region is one of the prominent areas in the insurance market of KSA with several petro-chemical plants, mining industries and power-sector plants located. The Company is head-quartered in Khobar city, thus giving the benefit of exploring several growth opportunities in this region. Eastern region has been a significant geographical growth segment for Wala'a since its inception.</p>														
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<p>The Western region is very strategic and a prominent area in the insurance market of KSA with a huge population belt covered in this geographical segment. With places like Mecca, Medina, Abha and Yanbu located in this belt, several infra-structure, hospitality, transportation, growth and development projects are concentrated in this area. Wala'a continues to explore opportunities to further its business growth in this geographical area.</p>	<p>The Central region is also a very prominent area in the insurance market of KSA with several key industrial, infra-structure, energy, petro-chemical, public sector, transport, residential, health-care and other projects in progress. Wala'a continues to explore opportunities to further its business growth in this geographical area. Wala'a is investing additional resources and efforts in this region to secure further growth in the forthcoming years.</p>																												
<p style="text-align: center;">GWP Growth in Northern region (SARm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>GWP Growth (SARm)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>0</td> </tr> <tr> <td>2010</td> <td>0</td> </tr> <tr> <td>2014</td> <td>34</td> </tr> <tr> <td>2015</td> <td>123</td> </tr> <tr> <td>2016</td> <td>173</td> </tr> <tr> <td>2017</td> <td>176</td> </tr> </tbody> </table>	Year	GWP Growth (SARm)	2009	0	2010	0	2014	34	2015	123	2016	173	2017	176	<p style="text-align: center;">GWP Growth in Southern region (SARm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>GWP Growth (SARm)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>0</td> </tr> <tr> <td>2010</td> <td>0</td> </tr> <tr> <td>2014</td> <td>13</td> </tr> <tr> <td>2015</td> <td>36</td> </tr> <tr> <td>2016</td> <td>37</td> </tr> <tr> <td>2017</td> <td>28</td> </tr> </tbody> </table>	Year	GWP Growth (SARm)	2009	0	2010	0	2014	13	2015	36	2016	37	2017	28
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<p>With the development of a strong Agency relationship, the business has expanded selectively into Northern region and within the last two-years, the growth has been impressive. The Agency network has played a significant role not only in policy issuance, but also in prompt service provided to claimants to attend to their business needs. Wala'a continues to expand its presence in this geographical segment.</p>	<p>Similar to Northern region, the growth and expansion in Southern region has been achieved with the development of Agency relationship which has a strong country-wide presence covering even remote locations. Wala'a continues its efforts to grow in this region which is fairly significant in its size and population support. Wala'a looks to expand its other lines in addition to motor and health in both Northern and Southern regions.</p>																												



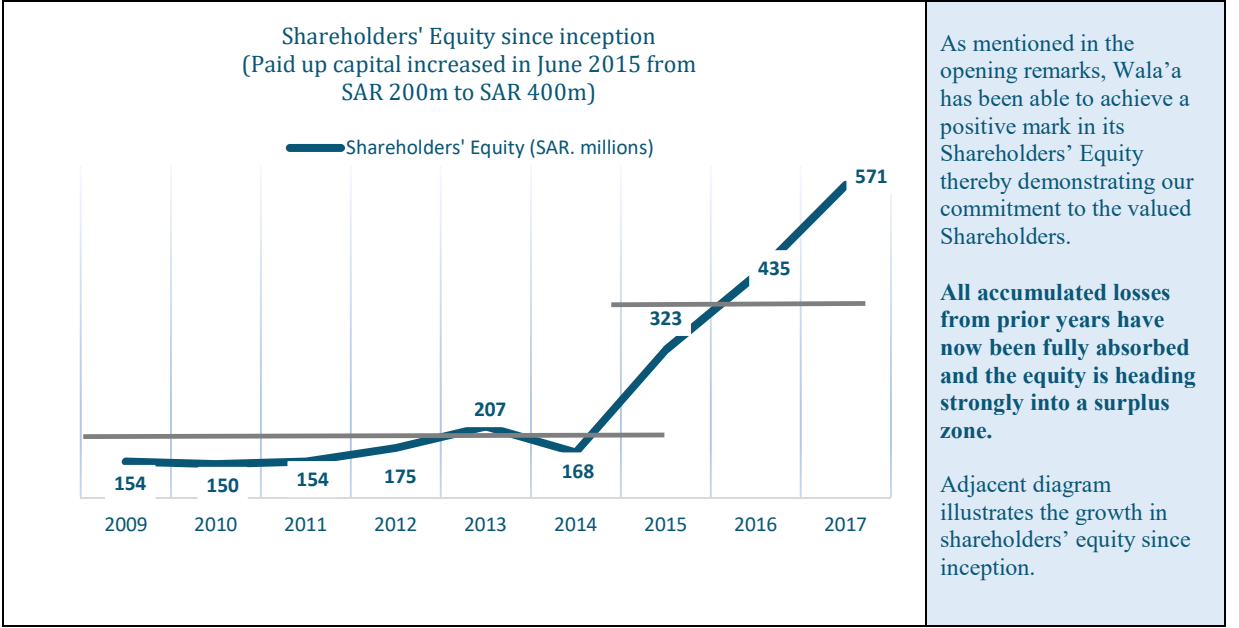
Retail business is a vital component in the insurance market of KSA. Wala'a has been focussing on this line and intends to make further inroads into this segment in a significant way going forward. The Company also has very active plans to cover niche segments of clientele within the retail segment by offering friendly facilities and features which will provide increased value and service benefits as compared to a standard insurance product. Wala'a considers this segment as one of the prime areas of growth in its Business Plan.

In continuation of our discussion on growth achieved during the year 2016, the Company could also achieve excellent growth in its Net Earned Premiums and exercise control over its claims incurred and operating expenses that are necessary to run its operations in a profitable manner. The Company could also ensure optimal returns from its investments made and held during the year which all have added to reporting an aggregate income of SAR 142m (2016: SR 117m). The financial statements which have been audited by external audit teams provide detailed information of various elements of financial performance of the Company during the year under review.

Financial Strength Rating

We are particularly happy to inform you that internationally reputed Rating Agency Standard & Poors has affirmed a Financial Strength Rating (FSR) of **BBB+** with '**positive outlook**' to Wala'a. In addition to the global rating, Wala'a has secured **gcAA+** (GCC regional scale rating) which is unique in the region. The rating indicates very strong risk-based capital adequacy, a satisfactory business risk profile and an overall upper adequate financial risk profile. In addition to these ratings, the Company has also obtained ISO9001:2015 certification during the year.

Shareholders' Equity grows into a positive mark: Value to shareholders

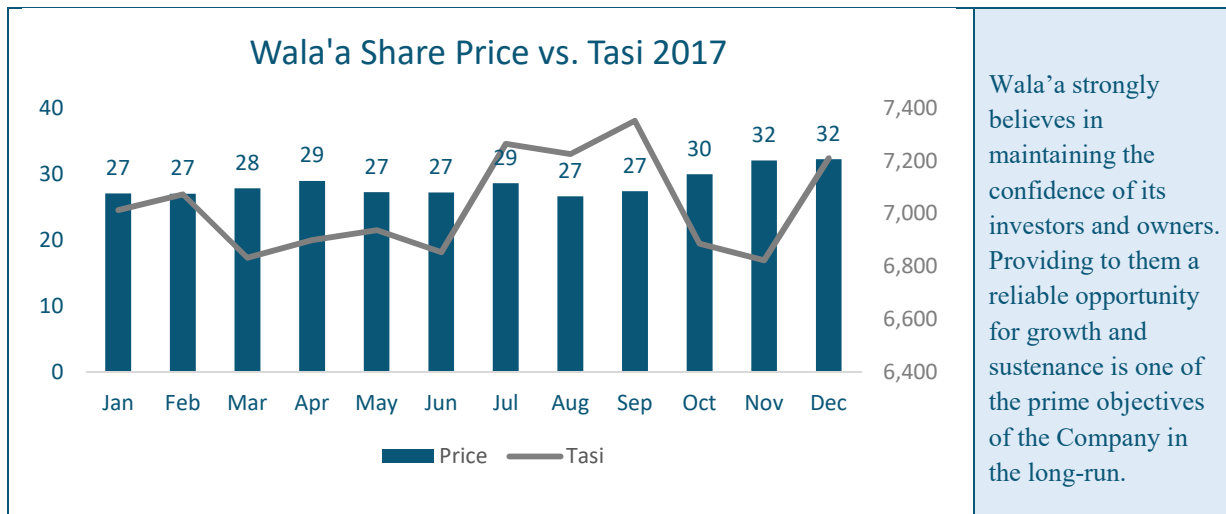


As mentioned in the opening remarks, Wala'a has been able to achieve a positive mark in its Shareholders' Equity thereby demonstrating our commitment to the valued Shareholders.

All accumulated losses from prior years have now been fully absorbed and the equity is heading strongly into a surplus zone.

Adjacent diagram illustrates the growth in shareholders' equity since inception.

Movement of our share price during the year 2017 is given below:



Wala'a strongly believes in maintaining the confidence of its investors and owners. Providing to them a reliable opportunity for growth and sustenance is one of the prime objectives of the Company in the long-run.

Growth strategy and marketing initiatives

The Company has prepared a comprehensive 3-year Business Plan and submitted this as part of our application to SAMA seeking renewal of our operating license. This Plan encompasses various aspects such as 3-year financial forecasts, marketing and sales plans, developing sales channels, improving solvency, providing high-level training to employees, Saudization, succession planning and IT development. As before, our aim to achieve a balanced mix of portfolio is given prime importance even as we look at growth over the next five-year period. Developing both retail and corporate segments are given high priority in our growth matrix. The compulsory lines of motor and health are still going through tremendous pressures in terms of pricing. A deserved increase in motor insurance premium rate is expected to result in improved performance going forward.

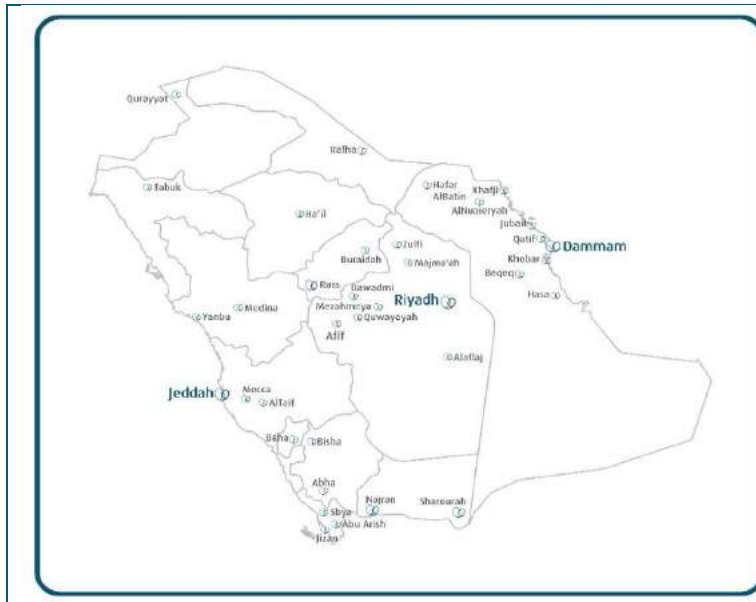
Readers of this report are kindly requested to note that references made in this message and/or other sections of this report may contain forward looking statements which are based on current plans and assumptions, and the actual position might differ from those statements.

Our online sales portal went live during Q4 2017 and is expected to pick up during 2018 and onwards.

During 2017, Wala'a had introduced certain niche products such as **a) Professional Indemnity-Miscellaneous b) Aviation Hull.**

During 2017 certain executive roles have been re-defined with management members assuming these positions and continue with their new positions with great diligence. This is in line with the growth strategy conceived by the Company to take it forward into the next level of progress.

Geographical spread and Country-wide presence



Ever since Wala'a commenced its operations during 2007-08, with headquarters at Al-Khobar City in the Eastern province, the Company has taken up its commitment to achieve wide geographical presence in a vast country such as Kingdom of Saudi Arabia.

In addition to Central regional office at Riyadh and Western regional office at Jeddah, Wala'a has maintained its expansion plans in a steady manner backed up by a careful study of importance of various locations at which it could cater to insurance needs of our valued customer.

The adjacent map illustrates various locations at which Wala'a has its presence.

Business Process and IT improvements

In the current environment where reliance on IT is very critical, Wala'a has put in place an ERP framework that is constantly kept up to date in line with technological developments. The core working modules have been integrated with other back-end support modules, after exhaustive and extensive testing by the users with live-data. The company has also begun to implement SAMA cybersecurity framework to ensure secured IT infrastructure is well defined and set to support business need and requirements.

Corporate Re-branding

A major corporate Re-branding exercise is completed which started in 2016. The Company has adopted corporate name of 'Wala'a Cooperative Insurance Co' with the new corporate livery and a logo reflecting vibrancy, continuing loyalty, commitment and dedication to its valued clients, business associates and all other stakeholders. After moving into its new premises in Al-Khobar, Wala'a has had a major impact with its clientele. The new location is spacious, prestigious, has great appearance and ambience and is equipped with top-class facilities for both employees and clients.



Human Resources and Saudization

We at Wala'a place a high-level of importance towards developing the important asset of human resource team. Our investment in developing and training the national employees has been appreciated by team members and all employees are urged to benefit from the training program that has been structured to nurture their overall working skills. While most employees have completed the IFCE accreditation as per specified guidelines, the newly joined work force is in the process of completing initial training before appearing for examination. The Management has put in place a comprehensive Training Program with a regionally well recognized partner to provide subject-specific areas of training which will also act as a springboard for aspiring staff to progress into professional insurance qualifications. As at end of December

2017, at a Saudization level of 72% (2016: 62.5%) Wala'a retains '**Platinum status**' with the **Ministry of Labour** and retained national employees indicated by a strong will and commitment to grow with the organization. The Management team works very closely to identify and encourage in-house talents to take up more responsible and senior positions to lead the team. At Wala'a we deeply value the organizational experience and awareness which is utilized in a positive and constructive manner.

Corporate governance and risk management

Wala'a has a robust corporate governance framework that covers all areas of operation. Wherever found necessary, improvements have been introduced to keep in line with the best practices adopted in the industry. The Company's risk-appetite framework has been clearly identified, defined and well-documented in a manner which can be appreciated and understood by employees thus making it easy and friendly to follow these guidelines in an efficient manner. The risk-management framework has been further strengthened in the light of experience gained in the domain. Wala'a's Corporate Governance documents are regularly reviewed and updated to be in line with revisions issued by the Regulator. A qualified Risk Engineer is part of the team as part of risk-management and evaluation process whose contributions largely enhance the effectiveness of this function.

Board Structure

The Company has always had the privilege of having a group of very pro-active and eminent board members drawn across from business fraternity in the Kingdom and it looks forward to working closely with them and benefiting from their experience and expertise. Members of the Board carry with them a broad spectrum of knowledge and experience which is shared with the management teams during their regular interactions. The current set of members of the Board is expected to complete their terms in the usual course.

Industry challenges and opportunities

The Saudi insurance industry is in a stage of continuing development and hence, has its own share of challenges. The Kingdom's insurance penetration rate is very low compared to other markets of the region, and also compared to the quantum of its own GDP. The recent infusion of funds into the economy by a Royal decree is also expected to act as a catalyst in providing growth opportunities. Wala'a continues to seek opportunities and avenues to expand into this market through its well-designed and planned initiatives. The entire insurance industry and especially the medium to small-sized operators have a common issue of choosing an optimal operating model, and ensure that shareholders' equity is maintained at positive levels. The impact of changes in global oil prices continues to affect the industry and the economy at both macro and micro-levels. This has resulted in an extent of unrealized losses on fair-values of equity investments made by the Company as at 31 December 2017. Industry experts believe that this period of correction is expected to last for anything between 24 to 30-months. The shareholders' equity for most companies is therefore expected to regain its original levels in due course of time. Notwithstanding this, Wala'a still maintained a healthy progress in its Shareholders' Equity as reported at end of the reporting year.

Looking ahead

As outlined in our 3-year Business Plan, Wala'a intends to attain a holistic growth in the next few years of its progress. With the availability of additional capital (available since the first half of 2015), the Company's growth and investment plans have been successfully implemented subject to availability of conducive financial market conditions. Taking a cautious and prudent view, Wala'a has limited its investment to short-term deposits only and has been able to secure reasonable returns on these murabaha deposits. With

improved solvency, the Company expects to achieve its business objectives as planned, despite challenging market situations. The Management has faith in the capabilities of its various functional teams in successfully attaining its perceived growth parameters.

Wala'a is firmly committed to be a key 'partner in progress' in the ambitious plan '**Saudi Vision 2030**' – a broad-based initiative and plan perceived by the Kingdom's wise leadership which is poised to take the Kingdom towards strong overall growth, sustenance and development in all segments – and lead the Kingdom as an illustrious example of harmonious and holistic collective achievement. Wala'a strongly believes in complete transparency, fair and honest dealing with its valued clients by providing excellent value in terms of services, quality of risk-coverage provided to its diversified client-base and at the same time, provides a feeling of pride and satisfaction to its clients and business associates for being a part of its success story. In the years to come, Wala'a will explore every possible opportunity to take part in projects and programs intended to benefit the society as a whole, as part of recognizing its social responsibility.

Acknowledgements

As always, I am grateful to the stakeholders and business partners and associates for the continuing support and contribution extended to our Company. I take this opportunity to congratulate and thank our staff members for their dedication, hard work and sincere efforts that are the cornerstones for Wala'a's success as a strong and responsible business entity. It is also a privilege for me and my colleagues to thank the Chairman and members of the Board and its committees for their continuing guidance and support. We also sincerely acknowledge and appreciate the support and guidance provided by SAMA, CCHI and governmental entities in the Kingdom in achieving our objectives.

Thank you,

Sincerely,

Chief Executive Officer

Johnson Varughese

1. Names, qualifications, and experience of the Board and committees members and Executive Management;

• Board of Directors

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Sulaiman A. Al-Kadi	Chairman of Wala'a Cooperative Insurance Company	<ul style="list-style-type: none"> • CEO – Saudi Electricity Company • General Manager – Saudi Aramco 	Bachelor of Business Administration – University of Texas	Over 50 years of experience in leadership positions in large organizations.
2	Abdullah M. Al-Othman	Chairman - Takween Advanced Industries		<ul style="list-style-type: none"> • Masters in Business Administration – American University in London • Bachelor in Industrial Management - KFUPM 	More than 15 years of experience in managerial and senior positions.
3	Wasef S. A. Al-Jabsheh	CEO & Founder – International General Insurance Company	Held senior positions at “Abu Dhabi National Insurance Company”	Bachelor of Economy & Business Administration – American University in Cairo	Years of experience in the insurance field. He is also the founder of Middle East Insurance Brokers Co. & International Marine and General Insurance Co.
4	Walid S. Al-Shoaibi	CEO – Shoaibi Group Companies	<ul style="list-style-type: none"> • Treasurer/Credit Analyst - Houston National Bank • Highway Design Engineer – Brown & Root/Texas 	<ul style="list-style-type: none"> • Masters in Business Administration - University of Houston • Bachelor in Civil Engineering Science – Rice University 	Membership in the industrial committee of the Chamber of Commerce of the Eastern Province. He also was the Vice President of the Saudi Italian Chamber.
5	Khalid A. S. Al-Rajhi	<ul style="list-style-type: none"> • Chairman – Saudi Cement Company • CEO – Abdulrahman S. Al-Rajhi Co 	CEO- Al-Rajhi Trading Company	Bachelor in Finance - KFUPM	He is a founder of many well-known companies.
6	Solaiman A. Al-Twaijri	CEO– The Saudi Arabian Amiantit Company	<ul style="list-style-type: none"> • CEO & Managing Director - Zajoul for Advanced Communications • General Manager – Al Othman Agriculture production Co. 	<ul style="list-style-type: none"> • PhD in Accounting – Case Western Reserve University • Masters in Accounting – University of Illinois • Bachelor in Industrial Management - KFUPM 	27 years of experience in different managerial and technical positions. He also has Auditing and Accounting related certificates.
7	Waleed M. Al-Jaafari	Partner & chairman of the board - Al-Dawaa Medical Services Co. Ltd.		Bachelor of Economy – King Saud University	Founder of many banks & companies In Saudi Arabia and in the Gulf.

8	Hassan E. Kabbani	Chairman – Isam K. Kabbani Company		Certificate in Business Administration - Pepperdine University	Has a high knowledge in Business and Management.
9	Abdulrahman Balghunaim	<ul style="list-style-type: none"> Managing Partner (Data Science Advisor) – Advanced Analytics fz llc Head of Finance and Accounting - Ajda Food Commercial Company 	<ul style="list-style-type: none"> Consultant – Ministry of Economy and Planning Senior Data Scientist - The Center for Strategic Studies Senior Credit Analyst - Saudi Industrial Development Fund 	<ul style="list-style-type: none"> Bachelor of Science, Finance – KFUPM Master of Science, Applied Mathematics – DePaul University 	Completed and passed successfully several of programs related to Finance, Economics, and Credit & Risk Analysis.
10	Hatem Balghoneim	<ul style="list-style-type: none"> VP Upstream – Dynamic Energy CEO – Dynamic Oil Tools Manufacturing Company 	Drilling & Workover Supervisor – Saudi Aramco	Bachelor of Science, Petroleum Engineering – KFUPM	Completed several Technical & General courses and been in the Petroleum engineering field for years.

• **Board Sub-Committees members**

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee					
1	Abdullah M. Al-Othman	Chairman - Takween Advanced Industries		<ul style="list-style-type: none"> Masters in Business Administration – American University in London Bachelor in Industrial Management - KFUPM 	More than 15 years of experience in managerial and senior positions.
2	Hatem Balghoneim	VP Upstream – Dynamic Energy	Drilling & Workover Supervisor – Saudi Aramco	Bachelor of Science, Petroleum Engineering – KFUPM	Completed several Technical & General courses and been in the Petroleum engineering field for years.
3	Solaiman A. Al-Twaijri	CEO– The Saudi Arabian Amiantit Company	<ul style="list-style-type: none"> CEO & Managing Director - Zajoul for Advanced Communications General Manager – Al Othman Agriculture production Co. 	<ul style="list-style-type: none"> PhD in Accounting – Case Western Reserve University Masters in Accounting – University of Illinois Bachelor in Industrial Management - KFUPM 	27 years of experience in different managerial and technical positions. He also has Auditing and Accounting related certificates.
Audit Committee					

1	Abdulrahman Balghunaim	<ul style="list-style-type: none"> Managing Partner (Data Science Advisor) – Advanced Analytics fz llc Head of Finance and Accounting - Ajda Food Commercial Company 	<ul style="list-style-type: none"> Consultant – Ministry of Economy and Planning Senior Data Scientist - The Center for Strategic Studies Senior Credit Analyst - Saudi Industrial Development Fund 	<ul style="list-style-type: none"> Bachelor of Science, Finance – KFUPM Master of Science, Applied Mathematics – DePaul University 	Completed and passed successfully several of programs related to Finance, Economics, and Credit & Risk Analysis.
2	Waleed Al-Othaimeen	Deputy General Manager - Saudi Gas Cylinder Factory	Manager - Eastern Petrochemical Company	Bachelor of Industrial Management - KFUPM	30 years of experience in managerial positions.
3	Amr Kurdi	<ul style="list-style-type: none"> Chief Financial Officer – The Saudi Arabian Amiantit Company Financial Advisor – Khusheim Holding Group Chief Audit Executive – KFUPM 		<ul style="list-style-type: none"> PhD in Accounting – University of Texas Masters in Accounting – University of Arizona Bachelor in Accounting - KFUPM 	
Nomination & Remuneration Committee					
1	Waleed M. Al-Jaafari	Partner & chairman of the board - Al-Dawaa Medical Services Co. Ltd.		Bachelor of Economy – King Saud University	Founder of many banks & companies In Saudi Arabia and in the Gulf.
2	Sulaiman A. Al-Kadi	Chairman of Wala Cooperative Insurance Company	<ul style="list-style-type: none"> CEO – Saudi Electricity Company Manager – Saudi Aramco 	Bachelor of Business Administration – University of Texas	
3	Hassan E. Kabbani	Chairman – Isam K. Kabbani Company		Certificate in Business Administration - Pepperdine University	Has a high knowledge in Business and Management.
Risk Management Committee					
1	Walid S. Al-Shoabi	CEO – Shoabi Group Companies	<ul style="list-style-type: none"> Treasurer/Credit Analyst - Houston National Bank Highway Design Engineer – Brown & Root/Texas 	<ul style="list-style-type: none"> Masters in Business Administration - University of Houston Bachelor in Civil Engineering Science – Rice University 	He has experience Chamber of Commerce, especially Saudi Italian Chamber.
2	Wasef S. A. Al-Jabsheh	CEO & Founder – International General Insurance Company	Held senior positions at “Abu Dhabi National Insurance Company”	Bachelor of Economy & Business Administration – American University in Cairo	Years of experience in the insurance field. He is also the founder of Middle

					East Insurance Brokers Co. & International Marine and General Insurance Co.
3	Khalid A. S. Al-Rajhi	<ul style="list-style-type: none"> Chairman – Saudi Cement Company CEO – Abdulrahman S. Al-Rajhi Co 	CEO- Al-Rajhi Trading Company	Bachelor in Finance - KFUPM	He is a founder of many well-known companies.
Investment Committee					
1	Khalid A. S. Al-Rajhi	<ul style="list-style-type: none"> Chairman – Saudi Cement Company CEO – Abdulrahman S. Al-Rajhi Co 	CEO- Al-Rajhi Trading Company	Bachelor in Finance - KFUPM	He is a founder of many well-known companies.
2	Walid S. Al-Shoabi	CEO – Shoabi Group Companies	<ul style="list-style-type: none"> Treasurer/Credit Analyst - Houston National Bank Highway Design Engineer – Brown & Root/Texas 	<ul style="list-style-type: none"> Masters in Business Administration - University of Houston Bachelor in Civil Engineering Science – Rice University 	He has experience Chamber of Commerce, especially Saudi Italian Chamber.
3	Hassan E. Kabbani	Chairman – Isam K. Kabbani Company		Certificate in Business Administration - Pepperdine University	Has a high knowledge in Business and Management.

• **Executive Management**

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Johnson Varughese	Chief Executive Officer of Walaa Cooperative Insurance Company	Chief Financial Officer of Walaa Cooperative Insurance Company for 5 years (2007-2012)	<ul style="list-style-type: none"> Bachelor in Commerce Chartered Accountant 	More than 30 years of experience in Managerial and Executive positions
2	Salah M. Al-jaber	Vice President of Sales & Operations of Walaa Cooperative Insurance Company		Bachelor in Marketing	More than 27 years of experience, with an in depth knowledge of the Saudi insurance market.
3	Shehail Abdulaziz Al-Shehail	Chief Financial Officer of Walaa Cooperative Insurance Company	Risk Management Officer for a local insurance company.	Bachelor in Finance & Management Information System	More than 7 years of experience in the Saudi insurance market

4	Wasif F. Minhas	Technical Vice President/ Chief Underwriting Officer of Walaa Cooperative Insurance Company		- Masters in Business Administration & Marketing - Holder of ACII	More than 20 years of experience in the Saudi insurance market
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2. Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager;

Board Member Name	Name of the Company which a Board member is currently a member of their Board or if he is a manager	Inside the Kingdom/ Outside the Kingdom	Type of Company	Name of the Company which a Board member was previously a member of their Board or if he was a manager	Inside the Kingdom/ Outside the Kingdom	Type of Company
Sulaiman A. Al-Kadi	Saudi Electricity Company	Inside the Kingdom	Listed			
	Basic Chemical Industries	Inside the Kingdom	Listed			
	Alawwal Bank	Inside the Kingdom	Listed			
	Chemical Development Company	Inside the Kingdom	Not Listed			
Abdullah M. Al-Othman	Roots Group Arabia	Inside the Kingdom	Not Listed			
	Takween Advances Industries	Inside the Kingdom	Listed			
	Al-Othman Holding Company	Inside the Kingdom	Not Listed			
	Real Estate Development Fund - Ministry of Housing	Inside the Kingdom	Not Listed			
Wasef S. A. Al-Jabsheh	International General Insurance (IGI) Company Limited	Outside the Kingdom	Not Listed			

	International General Insurance (UK) Company Limited	Outside the Kingdom	Not Listed			
	International General Insurance Company Limited – Labuan Branch	Outside the Kingdom	Not Listed			
	National General Insurance Company (Dubai)	Outside the Kingdom	Not Listed			
	North Star Underwriting Limited	Outside the Kingdom	Not Listed			
	IGI Underwriting Limited	Outside the Kingdom	Not Listed			
	Specialized Markets Investment Company	Outside the Kingdom	Not Listed			
	IGI Services Limited	Outside the Kingdom	Not Listed			
	Eastern Insurance Brokers	Outside the Kingdom	Not Listed			
Walid S. Al-Shoaibi	Chemical Development Company	Inside the Kingdom	Not Listed			
	Kalaam Telecom B.S.C	Inside the Kingdom	Not Listed			
	Heating & Air Condition Enterprises	Inside the Kingdom	Not Listed			
	Saudi Chainlink Fence Manufacturing Company	Inside the Kingdom	Not Listed			
Khalid A. S. Al-Rajhi	Al-Bilad Bank	Inside the Kingdom	Listed	National Shipping Company of Saudi Arabia	Inside the Kingdom	Listed
	Saudi Cement Company	Inside the Kingdom	Listed	Saudi Telecom Company	Inside the Kingdom	Listed
	Takween Advances Industries	Inside the Kingdom	Listed	NAS Corporation	Outside the Kingdom	Listed
	Tanami Holding Company	Inside the Kingdom	Not Listed	Dana Gas Company	Outside the Kingdom	Listed

	Abdulrahman S. Al-Rajhi Co	Inside the Kingdom	Not Listed			
Solaiman A. Al-Twajjri	Takween Advances Industries	Inside the Kingdom	Listed	Saudi Arabian Amiantit Co.	Inside the Kingdom	Listed
	Chemical Development Company	Inside the Kingdom	Not Listed			
	Mulkia Investment Company	Inside the Kingdom	Listed			
	Tawzea Company	Inside the Kingdom	Not Listed			
	Saudi Arabian Amiantit Co.	Inside the Kingdom	Listed			
	Amitech Morocco	Outside the Kingdom	Not Listed			
	Amensouss	Outside the Kingdom	Not Listed			
	International Infrastructure Management & Operation Company Ltd.	Inside the Kingdom	Not Listed			
	Amiantit Rubber Industries Ltd.	Inside the Kingdom	Not Listed			
	Amiantit Fiberglass Industries Co. Ltd.	Inside the Kingdom	Not Listed			
	Ameron Saudi Arabia Ltd.	Inside the Kingdom	Not Listed			
	Bondstrand Ltd.	Inside the Kingdom	Not Listed			
	Saudi Arabian Ductile Iron Pipes Co. Ltd.	Inside the Kingdom	Not Listed			
	Saudi Arabia Concrete Products (SACOP) Ltd.	Inside the Kingdom	Not Listed			
	Saudi Amicon Co. Ltd.	Inside the Kingdom	Not Listed			
	PWT GmbH	Outside the Kingdom	Not Listed			
	Amiantit Qatar Pipes Co. Ltd.	Outside the Kingdom	Not Listed			
	Sarplast Qatar	Outside the Kingdom	Not Listed			
	Ameron Egypt	Outside the Kingdom	Not Listed			
	AFIL Egypt	Outside the Kingdom	Not Listed			
Saudi Arabian Amiantit Management	Inside the Kingdom	Not Listed				
Infrastructure Engineering Contracting Co. Ltd.	Inside the Kingdom	Not Listed				

	PWT KSA	Inside the Kingdom	Not Listed			
	Ductile Technology Bahrain Ltd.	Outside the Kingdom	Not Listed			
	Amiantit International Holding Ltd.	Outside the Kingdom	Not Listed			
	Flowtite Technology Bahrain Ltd.	Outside the Kingdom	Not Listed			
	Amiblu	Outside the Kingdom	Not Listed			
	Subor Boru	Outside the Kingdom	Not Listed			
	Subor Gap	Outside the Kingdom	Not Listed			
Waleed M. Al-Jaafari	Advanced Petrochemical Company	Inside the Kingdom	Listed			
	Gulf Real Estate	Inside the Kingdom	Not Listed			
	Siyaha International Company	Inside the Kingdom	Not Listed			
	Aldawaa medical services co ltd	Inside the Kingdom	Not Listed			
	Meshraf Real Estate Investment	Inside the Kingdom	Not Listed			
Hassan E. Kabbani	Isam K. Kabbani Company	Inside the Kingdom	Not Listed			
Abdulrahman Balghunaim	Advanced Analytics fz llc	Outside the Kingdom	Not Listed			
Hatem Balghonaim	Ahsa Development Company	Inside the Kingdom	Listed	C&J Saudi Arabia	Inside the Kingdom	Not Listed
	Fahad Sulaiman Balghoneim Sons Co	Inside the Kingdom	Not Listed			
	Saudi Quality and Inspection Company	Inside the Kingdom	Not Listed			

3. Composition of the Board and classification of its members, as follows:

Board Member Name	Type of Membership	Classification of Membership
Sulaiman A. Al-Kadi	Chairman	Non-Executive
Abdullah M. Al-Othman	Vice-Chairman	Non-Executive
Wasef S. A. Al-Jabsheh	Member	Non-Executive
Walid S. Al-Shoaibi	Member	Non-Executive

Khalid A. S. Al-Rajhi	Member	Non-Executive
Waleed M. Al-Jaafari	Member	Independent
Solaiman A. Al-Twajri	Member	Independent
Hassan E. Kabbani	Member	Independent
Abdulrahman Balghunaim	Member	Independent
Hatem Balghoneim	Member	Independent

4. Procedure taken to the Board to inform its members , Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

During 2017, the Company did not receive any observation or finding from any of our shareholders. Yet, the Company always seek to attach high importance and consider, whenever possible, its shareholders comments, opinions or suggestions. That is by recording their observations and suggestions in our shareholders general assembly's minutes, to be circulated to all Board members, if any of the member have not attend the assembly meeting himself.

Moreover, the Company encourages its shareholders to share their remarks and suggestions at any time, the Company's management will be sharing it with the Board of Directors accordingly.

5. Board of Directors and Committees

The Board of Directors is entrusted with effective management and control of the company. It gives strategic direction to achieve the company objectives and monitors the performance through regular meetings held throughout the year.

The Board has appointed the following committees to ensure full control and effectiveness of the management:

(i) Executive Committee

The Executive Committee shall make recommendations to the Board on important topics such as strategic plans, business plans, and the Board shall delegate to the Executive Committee to carry out its functions in some cases.

Name of Member	Type of Membership	Total Number of Meetings: (6)					
		1 st Meeting in 16/02/2017	2 nd Meeting in 26/04/2017	3 rd Meeting in 26/06/2017	4 th Meeting in 26/09/2017	5 th Meeting in 10/11/2017	6 th Meeting in 23/11/2017
Abdullah Al-Othman	Chairman	√	√	√	√	√	√
Hatem Balghoneim	Member	√	√	√	√	√	√
Solaiman Al-Twajri	Member	√	√	√	√	√	√

(ii) Audit Committee

The Audit Committee shall ensure the implementation of the Board of Directors recommendations for overseeing the company's financial reports and assess the adequacy of internal and external audits and evaluation and monitoring of the internal audit and compliance.

Name of Member	Type of Membership	Total Number of Meetings: (6)					
		1 st Meeting in 15/01/2017	2 nd Meeting in 19/02/2017	3 rd Meeting in 16/04/2017	4 th Meeting in 26/07/2017	5 th Meeting in 15/10/2017	6 th Meeting in 19/12/2017
Abdulrahman Balghunaim	Chairman	√	√	√	√	√	√
Waleed Al-Othaimen	Member	√	√	√	√	√	√
Amr Kurdi	Member	√	√	√	√	√	√

(iii) *Investment Committee*

The Investment Committee shall monitor and review the investment policy tasks and oversee the implementation and approval of investment activities and monitor the performance of investment portfolios.

Name of Member	Type of Membership	Total Number of Meetings: (4)			
		1 st Meeting in 22/01/2017	2 nd Meeting in 21/05/2017	3 rd Meeting in 21/09/2017	4 th Meeting in 20/12/2017
Khalid A. S. Al-Rajhi	Chairman	√	√	√	√
Walid S. Al-Shoaibi	Member	√	√	√	√
Hassan E. Kabbani	Member	√	X	√	√

(iv) *Nomination & Remuneration Committee*

Nominations and remuneration Committee is responsible for recommendations to the Board of Directors and annual audit of appropriate skills requirements for membership of the Board, the Committee shall review the structure of the Board of Directors and make recommendations on changes that can be made, as it reviews the company structure and supervises the recruitment process.

Name of Member	Type of Membership	Total Number of Meetings: (3)		
		1 st Meeting in 21/05/2017	2 nd Meeting in 15/10/2017	3 rd Meeting in 4/12/2017
Waleed M. Al-Jaafari	Chairman	√	√	√
Sulaiman A. Al-Kadi	Member	√	√	√
Hassan E. Kabbani	Member	X	√	√

(v) *Risk Management Committee*

The Risk Management Committee duties are to ensure the implementation of the Board recommendations regarding the evaluation and control of risk management and its mitigations and the efficiency of internal controls.

Name of Member	Type of Membership	Total Number of Meetings: (4)			
		1 st Meeting in 22/01/2017	2 nd Meeting in 21/05/2017	3 rd Meeting in 21/09/2017	4 th Meeting in 20/12/2017
Walid S. Al-Shoaibi	Chairman	√	√	√	√
Wasef S. A. Al-Jabsheh	Member	√	X	X	√
Khalid A. S. Al-Rajhi	Member	√	√	√	√

6. Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any;

The Nomination & Remuneration Committee has set certain procedures to evaluate the Board of Directors and its Sub-Committees performance, in which, any weaknesses or strengths shall be determined and well-handled thereafter. At the end of 2017, the Board has viewed performance evaluation forms, as recommended by the Nomination & Remuneration Committee, and took them under consideration and to be completed for the year 2017 performance. The Nomination & Remuneration Committee will review the results of these evaluations and present necessary recommendation to the Board.

7. Compensation paid to Directors and senior executives

- All of the remuneration of Board of Directors and its Sub-Committees Members and directors of the Company, were disclosed in the Company's Corporate Governance policy, as well as the Company's methods to determine the remuneration amounts. The policy was approved by the Board of Directors and therefore approved by the shareholders general assembly on 25/05/2017.

We would like also to ensure that there is not any significant deviation between the remuneration stated in the policy

- The following tables show all remunerations to the following:

- Board of Directors (All figures are in Millions SAR)

In SAR m	Fixed remunerations				Provision allocated*	Aggregate amount
	Specific amount	Allowance for attending board meetings	Allowance for attending Committee meetings	Total Paid		
1) Independent members						
Waleed Al-Jaafari	0.180	0.020	0.077	0.277	0.223	0.500
Solaiman Al-Twajiri	0.180	0.020	0.085	0.285	0.215	0.500

Hassan Kabbani	0.135	0.015	0.065	0.215	0.160	0.375
Abdulrahman Balghunaim	0.180	0.020	0.085	0.285	0.215	0.500
Hatem Balghoneim	0.180	0.020	0.085	0.285	0.215	0.500
2) Non-Executive members						
Sulaiman Al-Kadi	0.250	0.020	0.078	0.348	0.152	0.500
Abdullah Al-Othman	0.180	0.020	0.085	0.285	0.215	0.500
Wasef Al-Jabsheh	0.180	0.020	0.040	0.240	0.260	0.500
Walid Al-Shoaibi	0.180	0.020	0.090	0.290	0.210	0.500
Khalid Al-Rajhi	0.180	0.020	0.090	0.290	0.210	0.500
3) Executive members						
None						

- ***Provision allocated to Board of Directors members subject for approval by the general assembly.**
- **Note that other than the above amounts, Board members had not been granted to any in-linked benefits, remuneration for technical or consultative work, nor has the Chairman or Board Secretary received any remuneration. In addition none of the member received a percentage of profits or periodic remuneration or short/long term incentive plans.**

b. Top executives (All figures are in Thousands SAR)

	Salaries	Allowances	In-Linked benefits	Total	Short-Term incentive plans	Total
Remunerations of top executives including CEO and CFO	3,076	768	306	4,150	3,250	7,400

c. Board of Directors' Sub-Committees (All figures are in Millions SAR)

Sr.	Name	Fixed Remuneration (Excluding Meeting Allowances)	Meeting Attendance Allowances	Total
Executive Committee				
1	Abdullah M. Al-Othman	0.070	0.015	0.085
2	Hatem Balghoneim	0.070	0.015	0.085
3	Solaiman A. Al-Twaijri	0.070	0.015	0.085
Audit Committee				
1	Abdulrahman Balghunaim	0.070	0.015	0.085
2	Waleed Al-Othaimeen	0.100*	0.015	0.115
3	Amr Kurdi	0.100*	0.015	0.115
Nomination & Remuneration Committee				
1	Waleed M. Al-Jaafari	0.070	0.008	0.078
2	Sulaiman A. Al-Kadi	0.070	0.008	0.078
3	Hassan E. Kabbani	0	0.005	0.005
Risk Management Committee				
1	Walid S. Al-Shoaibi	0	0.010	0.010
2	Wasef S. A. Al-Jabsheh	0.035	0.005	0.040
3	Khalid A. S. Al-Rajhi	0	0.010	0.010
Investment Committee				
1	Khalid A. S. Al-Rajhi	0.070	0.010	0.080
2	Walid S. Al-Shoaibi	0.070	0.010	0.080
3	Hassan E. Kabbani	0	0.060	0.060

*(+0.030 SAR) Provision allocated to committee member subject for approval by the general assembly.

8. Preventive restriction / Penalty

Based on the company's By-Law and article 14 of the Law on Supervision of Cooperative Insurance Companies issued by the Saudi Arabian Monetary Authority, the company has deposited 10% of its capital in the name of the Saudi Arabian Monetary Authority. Also, the company confirms there were no penalties imposed during the year 2017.

9. Corporate Governance

The Company ensure its compliance with the Insurance Companies Corporate Governance Regulations issued by Saudi Arabian Monetary Authority "SAMA" and Corporate Governance Regulations issued by Capital Market Authority "CMA", except for the below:

Article/Item No.	Article/Item wording	Comments
38	Qualifications of the Secretary	This has not been implemented being guiding article.
87	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.	This has not been implemented being guiding article.
89-3	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.	This has not been implemented being guiding article.

95	Formation of a Corporate Governance Committee.	This has not been implemented being guiding article.
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10. Internal Control

The Board of Directors have formed an audit committee, the prime responsibility of which includes discharging the board's responsibilities in respect of supervision of the company's financial reporting and evaluating the adequacy and effectiveness of the company's audit (both internal and external) and risk management processes.

The Committee comprises of three members, two of whom are independent. The chairman is an independent non-executive director of the company. The audit committee held six meetings in the year 2017. The purposes of these meetings included, among others, the following:

- a. Review and approval of the interim and final results of the company
- b. Evaluating the adequacy and effectiveness of the internal and external audit functions.
- c. Evaluating the adequacy and effectiveness of the compliance department
- d. Assessing the effectiveness of the risk management practices and procedures.

The satisfactory annual audit of the financial statements provides insights into the effectiveness of the Company's internal control environment and procedures and its risk management practices. In addition to that, the internal audit function of the company assists the audit committee and consequently the board of directors in providing assurance that the Company's internal control system is adequate and effective in mitigating various risks faced by the company and hence ensuring that the objectives of the Company will be met.

The internal audit department maintains its organization independence by functionally reporting to the audit committee as required by both the regulations and the best practices. As instructed by the audit committee and the requirement of policies and procedures of the company as well as best practices, the procedure followed by the internal audit department in discharging its responsibilities is as follows:

- a. Periodically all significant business processes are risk assessed and classified as high, medium and low risk business processes.
- b. An audit plan is then prepared and submitted to the Audit committee for approval on an annual basis. The audit plan is risk focused i.e. the high risk business processes are subject to more frequent audits and more rigorous internal audit procedures.
- c. As a result of evolving circumstances, the audit plan may require revisions. Any revisions to the audit plan are also approved by the Audit Committee.
- d. The audits are conducted in accordance with the approved audit plan and its results are submitted in the form of a report to the Audit Committee.

The internal audit department has conducted a number of audits in accordance with the approved internal audit plan and reported the findings to the Audit Committee as a result of these audits, together with management's response. In addition, the progress towards the resolution of the audit findings is also reported periodically. The department also presents separately the most significant findings, if any, either as part of the scheduled or specially arranged meetings.

Based on the risk assessments, audit plan and the internal audit review reports submitted by the internal audit department and the results of the quarterly reviews and the annual audits performed by the external auditors the Audit Committee was able to conclude that internal control system in the company is effective.

Moreover, the compliance function of the company assists the Audit Committee in ensuring compliance by the company's management, board of directors and approved persons with all relevant regulatory requirements, guidelines and directives issued by SAMA, CMA and other statutory authorities. The compliance function's key responsibilities include:

- a. Developing, implementing, documenting and updating as needed compliance monitoring and risk management strategies, systems, procedures, processes and controls to meet SAMA's regulatory requirements, directives and anti-money laundering regulations
- b. Ensuring Compliance with CMA rules and regulations including listing requirements, regulatory compliance and corporate governance.
- c. Monitoring changes in legislation for insurance and ensure that the company acts in accordance with the revised / changed requirements.
- d. Undertaking ongoing monitoring and ad hoc spot checks to assess the validity and application of internal procedures and processes and their compliance with regulations and/or directives
- e. Ensuring that the company fulfills all the conditions required by SAMA and develop and maintains a professional relationship with SAMA and other statutory bodies.
- f. Working with departmental Heads to direct compliance issues to appropriate channels for investigation and resolution
- g. Consulting with the company's legal advisors as needed to resolve legal compliance issues.

11. Company's social contributions

Given the eagerness of the Board towards social participation and the charity conduct and its responsibility to serve the community, the Board recommended the allocation of SAR 1 per insurance policy issued to be donated to licensed charities in the Kingdom of Saudi Arabia. It worth noting this recommendation will be presented to the General Assembly for affirmation.

12. List of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them

Sr.	Name of Board Member	Attendance
		General Assembly Meeting 21/05/2017
1	Sulaiman A. Al-Kadi	√
2	Abdullah M. Al-Othman	√
3	Wasef S. A. Al-Jabsheh	√
4	Walid S. Al-Shoaibi	√
5	Khalid A. S. Al-Rajhi	√
6	Waleed M. Al-Jaafari	√
7	Solaiman A. Al-Twaijri	√
8	Hassan E. Kabbani	√
9	Abdulrahman Balghunaim	√
10	Hatem Balghoneim	√

13. Principal activities

The Company is involved in cooperative insurance and reinsurance in the general and health lines of business and related investment activities. Though the company is engaged in reinsurance inward business, it does not contribute materially to the turnover and the reported surplus of the company for the year under review.

The composition of activities between major lines of business is as follows:

	2017				2016			
	Motor	Health	General	Total	Motor	Health	General	Total
Gross written premium	707	103	292	1,102	572	149	295	1,017
Net earned premium	643	109	41	792	460	124	44	627
Net technical result				257				187
Less: Operating expenses (unallocated)				(92)				(63)
Surplus / (deficit) from Underwriting operations				165				124

14. Financial performance

Income and Expenditure Statement - For the period ended on 31 Dec. 17					
(SAR m)	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Insurance Operations:					
Gross Premium Written	1,102.33	1,016.61	752.99	649.61	347.19
Net earned premium	792.09	627.09	435.71	269.59	165.31
Reinsurance commission	16.95	20.35	18.15	19.25	21.22
Other underwriting income	6.16	5.00	2.61	0.65	0.10
Total underwriting revenue	815.20	652.44	456.47	289.49	186.63
Net Incurred claims including reserve	(453.25)	(405.96)	(382.97)	(206.34)	(110.40)
Policy acquisition costs	(73.40)	(62.38)	(45.27)	(36.00)	(20.59)
Excess of loss protection cost *	-	-	-	(9.37)	(6.72)
Other underwriting expenses	(34.53)	(28.77)	(18.59)	(10.59)	(3.95)
Additional premium reserve	(2.44)	36.11	(9.50)	(14.39)	-
Other technical reserve	5.15	(4.92)	(5.15)	(0.10)	-
Total underwriting expenses	(558.47)	(465.92)	(461.48)	(276.79)	(141.66)
Net underwriting surplus	256.73	186.52	(5.01)	12.70	44.97
Employee cost and operation expenses	(91.64)	(62.52)	(54.21)	(48.82)	(44.70)
Surplus / (deficit) from insurance operations	165.09	124.00	(59.22)	(36.12)	0.27
Shareholder's appropriation of surplus	(16.51)	(12.40)	-	-	(0.03)
Net result for the period	148.58	111.60	(59.22)	(36.12)	0.24
Net surplus from insurance operations					
Transferred to shareholders	148.58	111.60	(59.22)	(36.12)	0.24
Commission income from bank deposits	4.33	6.23	1.31	0.82	0.84
Realized gains on available for sale investment	(4.76)	2.72	2.32	41.92	25.66
General and administrative expenses	(6.41)	(3.22)	(0.62)	(1.99)	(2.04)
Net Surplus / (deficit) for the period	141.73	117.32	(56.26)	4.84	24.67
Unrealized gain/ (loss) from investment in shares	7.15	4.50	(15.56)	(34.70)	9.99
Zakat and income tax			(4.00)	(8.53)	(3.00)
Comprehensive surplus / (deficit) for the period	148.88	121.82	(75.82)	(38.39)	31.66
*As of FY2017 the Excess of loss is reclassified under Ceded portion (Total Revenue)					
Earning per share	3.54	2.93	(1.65)	0.19	1.58

Statement Of Financial Position - As on 31 Dec. 17					
(SAR m)	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Assets					
Insurance Operations:					
Property and equipment	9.2	9.7	4.8	5.6	4.5
Insurance receivable	127.3	108.6	112.8	102.9	79.1
Reinsurer's share of unearned premium	130.2	136.6	118.4	119.0	57.4
Reinsurer's share of outstanding claims	152.7	150.8	177.0	239.8	105.1
Deferred policy acquisition costs	37.0	32.5	22.8	15.5	12.1
Due from shareholders operations	-	-	1.3	1.2	-
Prepaid expenses and other assets	28.4	43.7	33.6	10.4	14.3
Accrued interest income	3.3	-	-	0.1	0.0
Short-term deposits	400.0	-	-	-	-
Cash and Cash equivalents	289.5	594.4	373.2	211.0	119.4
Sub-Total	1,177.7	1,076.3	843.9	705.4	392.0
Shareholder's operations :					
Statutory deposit	40.0	40.0	40.0	20.0	20.0
Other financial assets	96.8	109.6	84.7	79.3	60.9
Short term deposits	424.8	-	-	-	27.0
Prepaid expenses and other assets	-	-	-	1.1	-
Accrued interest income on statutory deposits	3.2	2.1	1.4	-	-
Accrued interest income	2.1	-	0.5	1.1	0.9
Due from Insurance operations	15.1	19.9	-	-	19.8
Cash and cash equivalent	20.4	289.9	214.0	83.0	86.4
Sub-Total	602.4	461.6	340.6	184.5	215.1
Total Assets	1,780.2	1,537.9	1,184.5	890.0	607.0
Liabilities and Shareholders' equity					
Insurance operations:					
Technical reserves	964.9	932.8	718.8	600.1	319.3
Additional Premium reserves	3.2	0.8	36.9	27.4	-
Other Technical reserves	5.3	10.5	5.6	0.4	-
Reinsurance balances payable	61.8	15.7	10.0	24.2	18.4
End of service benefits	10.6	7.2	5.8	4.2	3.1
Accrued expenses and other liabilities	85.9	75.0	64.8	47.1	29.3
Due to shareholders	15.1	19.9	-	-	19.8
Share of Surplus	31.1	14.6	2.2	2.2	2.2
Sub-Total	1,177.7	1,076.3	843.9	705.4	392.0
Shareholder's operations:					
Due to insurance operations	-	-	1.3	1.2	-
Commission on statutory deposits Payable	3.2	2.1	1.4	-	-
Accrued expenses and other liabilities	27.9	23.9	15.3	15.0	8.3
Sub-Total	31.0	26.1	17.9	16.2	8.3
Shareholder's equity:					
Share Capital	400.0	400.0	400.0	200.0	200.0
Share Premium	30.1	30.1	30.1	-	-
Statutory Reserve	31.7	6.0	-	-	-
Retained earnings	126.9	23.9	(78.4)	(18.2)	(14.5)
Fair Value Reserve	(17.4)	(24.4)	(29.0)	(13.4)	21.3
Sub-Total Equity	571.4	435.6	322.7	168.4	206.8
Total Liabilities and Equity	1,780.2	1,537.9	1,184.5	890.0	607.0

15. Significant plans, decisions and future prospects

The year 2017 has seen a significant turn-around in our operations with wiping off all the previously accumulated deficits and also with Shareholders' Equity crossing over into a positive surplus area. With this acting as a sound foundation, Wala'a looks forward to a sustained growth and progress as we step into the next decade of our operations.

Wala'a is proud of entering into a niche league of 'Billion-Riyal' insurer in the Kingdom's insurance market. The insurance segment in KSA is highly regulated with several onerous regulatory and disciplinary requirements imposed by the Regulators. The Company ensure its compliance with all the related laws and regulations issued by the regulatory institutions in the Kingdom. However, the Company was informed of SAMA's findings, as per their letter no. (38100072419) dated 05/04/2017 regarding the Company's non-compliance with the regulations related to Motor Claims settlements and Complaints handling. The Company was therefore, given 20 working days of the date of the letter to arrange for a recovery plan and fulfill all the regulatory requirements. The Company was pleased to receive, after taking the necessary actions, of SAMA's letter No. (381000115717) dated 14/08/2017 lifting SAMA's previous warning.

Wala'a continues to work with Al-Mayazeen Insurance Agency - a well-reputed business set-up in the KSA – which has a very strong presence all over the Kingdom – particularly outside of dense pockets of Central, Eastern and Western regions. Through this partnership, Wala'a intends to secure business opportunities across a wide geographical spectrum in the Kingdom and also be in a position of supporting its valued clients in addressing their insurance and claim requirements. It is a well-recognized fact that an insurance cover is needed by all segments of a society – be it an individual for his motor vehicle or health up to complex industries and installations where the risk-management as a function occupies a very critical position. Wala'a through its own network and that of the Agency it works with, intends to reach out to all these segments in the society by providing top-quality risk-management products, backed up by strong technical and support teams. Wala'a is committed to build its own sales and marketing teams who are qualified to better understand the growing needs in the insurance market across the nation. The Company also seeks to further strengthen its working relationship with all insurance brokers and agencies functioning in the Kingdom, thereby consolidating its position as their reliable partner-in-progress.

The Company have announced its decision to terminate its agreement with Safe Cover Insurance Agency, the termination of this agreement did not have any significant financial impact on the performance of the company.

Moreover, the Company has obtained the Saudi Arabian Monetary Authority's license renewal of our business of insurance and reinsurance for three years as of 14/03/2017. Also, the Company has renew its license with the Council of cooperative health insurance for three years as of 04/05/2017.

During last year, Wala'a has moved over to a spacious and prestigious office location, enabling us to provide customer-friendly service to our business-partners. Wala'a has also introduced a new brand and promising logo indicating strong loyalty and committed strong relationship with our clients.

Wala'a continues to closely review the market conditions and opportunities with a view to expand its operations across the Kingdom either directly or through its appointed Agency. This is seen as an important component of Company's growth strategy and plans charted to take the Company further.

Retail business continues to remain under high focus and management is very keen to ensure that this segment is conducted in full compliance with regulatory documentation requirements. Regional sales teams are being strengthened to secure a higher share of corporate and SME sector of the market. The Company's IT and communication system is continuously reviewed and upgraded to stay in tune with business needs and growth, and to ensure prompt service to clients' requirements. Wala'a is particularly proud of its IT capabilities which include 'real-time' communication and connectivity with agencies such as Najm, Al-Elm, CCHI and Banks' portals. In addition to this, Wala'a has direct connectivity with portal of Saudi NextCare – the third party administrator for claims.

The Company also adopted a revised pricing policy for motor and health products in accordance with regulatory requirements after conducting an actuarial review of the portfolio. Wala'a is actively in the process of applying newly introduced discount structure to its motor insurance customers who form a significant portion of policy holders.

Wala'a is proud to secure a commendable level of financial strength rating from Standard & Poors – an internationally reputed Rating Agency who is specialized in rating of financial institutions at a global level. Wala'a has secured a rating of **'BBB+' with 'Positive outlook'**. During July.2017 Wala'a has secured $_{gc}AA+$ (GCC regional scale rating) – being the first company in the region with this distinction. In addition to these two ratings, Wala'a has obtained ISO9001:2015 certification during the year. With these recognitions and credentials backing us, we can now approach prestigious clients in specialized sectors – such as oil and gas, petroleum and power – who prefer to work with a well-rated insurer to address their risk-management requirements.

During the year, Wala'a successfully obtained permanent regulatory approvals for several products that it specializes in – and it is particularly satisfying that specialized products such as Professional Indemnity-Miscellaneous Insurance Product and Aviation Hull Insurance Product.

Wala'a has appointed Shariyah Review Bureau Co. as a Shariyah review committee. Part of the committee duties is to review annually the company's products and services from an Islamic point of view and then report the review

Their main role is to study and revise the company's financial and investments activities, and review the principles of insurance mechanism, insurance programs and products to confirm their compliance with the Shariyah principles.

processes results periodically - after the company's execute required amendments if they exist - to the board of the Shariyah Review Bureau for certification, taking into consideration any modification as may be required by the Shariyah board in order to approve the company and its products. The Shariyah Board consists of eminent scholars as nominated by them from time-to-time.

Moreover, Board of directors on his meeting 29/10/2017 has recommended to the general assembly a 10% increase the company's capital through bonus shares by capitalization of SAR 40,000,000 from retained earnings. Number of shares will increase from 40,000,000 to 44,000,000 shares by offering 1 bonus shares for every 10 shares owned.

Aim of this capital increase is to reward shareholders with dividend in form of bonus shares and to preserve cash in the company which is in line with the long term strategy. It's worth noting such increase is subject to the approvals of relevant authorities and the Extraordinary General Assembly (EGM).

16. Risks faced by the Company

The Company has established a risk management framework to protect the Company from events that hinder the sustainable achievement of its performance objectives, including failing to exploit opportunities.

The risks faced by the Company can be categorized as follows:

- a) **Competition risk:** The Company faces intense competition from other insurance companies, and this is commonly applicable for all companies. However, the company has taken a series of proactive actions based on competitive prices based on a statistical and an actuarial basis that ensures the safety and success of the technical capacity of insurance policies underwriting, in addition an effective prevention programs to enable the ability to grow and achieve its goals. Company is keen to have competitive advantage by offering better services to all customers and in this regard we are setting high standard for customer services. Company is also investing in technology in order to have more efficient operations and at the same time developing existing and new products to ensure the best possible service to its customers.
- b) **Strategic risk:** Strategic risk is explicitly considered through strategic review and planning process. The company closely monitors regulatory, legal and fiscal developments as well as actively engaging with

external bodies to share the benefit of expertise in supporting responses to emerging risks to challenge developments that could be damaging to business and the industry as a whole.

- c) **Operational risk:** Robust system and processes are in place to ensure that Operational Risks are within our appetite. Significant resources are devoted to maintaining efficient and effective operations within company's framework of corporate responsibility, policies and business ethics code. The Company Executive Team oversees aggregate operational risk exposure and reports to the Board. The Company has a full-time in-house internal audit and risk management team that oversees various controls, ensures adherence to policies and procedures.
- d) **Human resource risk:** The insurance market needs qualified cadres familiar with insurance activity, which leads to increased demand for qualified people and the company is faced resignations risk by its competent staff, However, the company is continuing the policy of training and serious rehabilitation for existing and future employees which be varied to suit all management levels in the company. This design comes in spite of the possibility of losing some cadres to the competition organization, but in general, it remains in the interests of the country. Therefore, developing and focusing on the competencies of Saudi nationals will continue in all areas and managerial levels at the company.
- e) **Concentration risk:** Company is aware of the concentration risk since a significant portion of the business written is obtained through one agent. We are working actively to diversify our portfolio, following are the plans in this regard
- Increase sales through our own Branch Network
 - Online sales of individual products
 - In talks with other agents
 - Focus on niche products like, D&O, PI Miscellaneous, Travel, Cyber Crime and Extended Warranty
 - Employee Insurance program for selected large groups
- f) **Regulatory risk:** The company management and compliance officer ensure compliance with all regulatory requirements and initiate timely update for regulatory changes and enable the Company to remain compliant with regulatory changes.

17. Geographical operations

Company does not have any overseas subsidiaries and operates within the Kingdom of Saudi Arabia. Geographical spread of Gross Written Premiums written within the Kingdom during various years is:

Year	Geographical spread of Gross Written Premiums					
	Eastern Province	Central Province	Western Province	North Province	South Province	Total
2017	473.58	103.90	320.41	176.32	28.12	1102.33
2016	416.74	74.89	314.84	172.77	37.36	1016.6
2015	334.15	84.61	174.82	123.29	36.12	752.99
2014	412.54	114.49	75.78	33.52	13.28	649.61
2013	235.13	54.08	57.18	0.78	-	347.17
2012	126.87	29.18	78.04	-	-	234.09
2011	134.02	78.64	65.89	-	-	278.55
2010	81.02	95.49	43.78	-	-	220.29
2009	76.44	37.44	27.34	-	-	141.22

18. Material variations from previous year

The reported operational result for the year 2017 as compared to previous year has changed positively due to a combination of various component elements summarized as follows:

Reported Line item	Year		Change in		Explanation for variance
	2017	2016	Amount	%s	
Gross Written Premium (GWP)	1,102.33	1,016.61	85.7	8%	The major increase has come from motor and engineering lines which is due to focus business segments. Correspondingly, this increase results in improvements in net earned premiums.
Net Earned Premium (NEP)	792.09	627.09	165.0	26%	Retention under compulsory lines has helped to achieve improvement in NEP which is in line with increase in GWP.
Net Claims Incurred	453.25	405.96	47.29	12%	A relatively marginal increase in Net Claims incurred adequately supported by NEP. Has not adversely affected the overall reported results.
Changes in Additional Premium Reserves	2.24	(36.11)	38.3	-	Based on Actuarial Computations, the changes in additional Premium Reserves has resulted in adverse variance.
Change in Other Technical Reserves	(5.15)	4.92	(10.1)	-	Based on Actuarial Computations, the changes in additional Reserves has resulted in positive variance.
Policy Acquisition Costs	73.40	62.38	11.0	18%	Due to increase in Agency and Retail business, the acquisition costs have considerably increased in the current year.
Other Underwriting Expenses	34.53	28.77	5.8	20%	Due to increase in number of claims handled in the current year, the related claim administration expense has increased.
Operating and General Expenses	100.58	68.84	31.7	46%	Due to a general increase in the scale of business, related expenses have increased in the year.
Commission on Bank Deposits	8.94	6.32	2.6	41%	Due to movement in funds the commission income has been impacted.
Surplus / (Deficit) from Insurance Operations	165.08	123.99	41.1	33%	A combined resultant figure which has been positively impacted due to various line items explained above.
Unrealized Changes In Fair Value	7.14	4.50	2.6	59%	Arises mainly due to movement in quoted values of Equity investments held by the Company. It is entirely on account of market movements.

19. Accounting Standards

The company adheres to International Financial Reporting Standards (IFRS) and the relevant International Accounting Standards (IAS) in the preparation of its financial statements, as required by the Saudi Arabian Monetary Agency (SAMA). It does not follow the accounting standards generally followed in the Kingdom of Saudi Arabia. Based on our preliminary estimates and assessments, other than what has been recognized, the impact of adoption of IFRS on a complete basis does not have a material impact on reported results and equity of the Company.

20. Name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation

The Company does not have any affiliate company.

21. Details of shares and debt instruments issued for each affiliate company

The Company does not have any affiliate company.

22. Dividend Policy

The company adopts the requirements to distribute dividends as and when declared, as per its Articles of Association, summarized as follows:

- (1) Zakat & Income Tax amounts shall be set aside.
- (2) 20% of net profit shall be set aside to form the Statutory Reserve and the ordinary General Assembly may hold such action when the legal reserve becomes equal to 100% of the Company's capital.
- (3) The ordinary General Assembly, based on Board's recommendation, may set aside a portion of the annual net profit to form an additional reserve for certain purpose(s) to be determined by the Assembly.

- (4) Out of the above balance, the shareholders shall receive an amount representing the first payment which shall not be less than 5% of the paid up capital.
- (5) The remaining amount shall be distributed as dividends or forwarded to the retained earnings account.
- (6) The Company may distribute, based on a Board resolution, periodic profits to be deducted from the annual profits referred to in item (4) above in accordance with the rules regulating this process to be issued by the competent authorities.
- (7) The Company shall immediately inform the Capital Market Authority 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.

23. Description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the company of their holdings

During 2017, there were no any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the company

24. Interest, Options and Subscription rights

During the year 2017, details of interests, options and subscription rights of the issuer's directors, senior executives and their spouses and minor children in the Shares of the company or Debt Instruments are as follows:

Sr.	Name of Person of Interest	Beginning of 2017		End of 2017		Total Change	Percentage of change
		No. of Shares	debt instruments	No. of Shares	debt instruments		
1	Sulaiman A. Al-Kadi	2,060	-	2,000	-	-60	-3%
2	Abdullah M. Al-Othman	1,612,000	-	1,611,000	-	-1,000	-0,1%
3	Wasef S. A. Al-Jabsheh (Shares owned by International General Insurance Co. Ltd.)	2,100,000	-	2,100,000	-	0	0%
4	Walid S. Al-Shoaibi (Shares owned by Suhail bin Abdulmohsen Al Shoaibi & Sons Holding Co.)	100,000	-	100,000	-	0	0%
5	Khalid A. S. Al-Rajhi	1,000	-	1,000	-	0	0%

6	Waleed M. Al-Jaafari	480,000	-	480,000	-	0	0%
7	Solaiman A. Al-Twajjri	1,000	-	1,000	-	0	0%
8	Hassan E. Kabbani	1,000	-	1,000	-	0	0%
9	Abdulrahman Balghunaim	-	-	-	-	-	-
10	Hatem Balghoneim	3,200	-	3,200	-	0	0%

- *Senior Executives and their spouses and minor children have no interests, options, and subscriptions rights in the Shares or Debt Instruments of the Company.*

25. Borrowings, Issue / Redemption of Securities

The company has neither borrowed any funds nor issued or redeemed any securities during the year and does not have any outstanding convertible and/or redeemable debt instruments, options, warrants or similar rights.

26. Description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year

During 2017, there were no any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company.

27. Description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

During 2017, there were no any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company.

28. Description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates

During 2017, there were no any redemption, purchase or cancellation by the company of any redeemable debt instruments.

29. Board of Directors Meeting during 2017

	Total Number of Meetings: (4)				Total
	1st Meeting 22/01/2017	2nd Meeting 21/05/2017	3rd Meeting 21/09/2017	4th Meeting 20/12/2017	
Sulaiman A. Al-Kadi	√	√	√	√	4
Abdullah M. Al-Othman	√	√	√	√	4
Wasef S. A. Al-Jabsheh	√	√	√	√	4
Walid S. Al-Shoaibi	√	√	√	√	4
Khalid A. S. Al-Rajhi	√	√	√	√	4
Waleed M. Al-Jaafari	√	√	√	√	4
Solaiman A. Al-Twajjri	√	√	√	√	4
Hassan E. Kabbani	√	X	√	√	3
Abdulrahman Balghunain	√	√	√	√	4
Hatem Balghoneim	√	√	√	√	4

30. Company's Shareholders Records

Number of times the Company requested the Shareholders Record	Date of request	Reason of request
1	16/02/2017	Checking if any changes occur in the shareholders records and Board members ownership.
2	03/04/2017	Checking if any changes occur in the shareholders records and Board members ownership.
3	02/05/2017	Checking if any changes occur in the shareholders records and Board members ownership.
4	16/05/2017	General Assembly Meeting
5	30/06/2017	Checking if any changes occur in the shareholders records and Board members ownership.
6	25/09/2017	Checking if any changes occur in the shareholders records and Board members ownership.
7	30/09/2017	Checking if any changes occur in the shareholders records and Board members ownership.
8	31/12/2017	Checking if any changes occur in the shareholders records and Board members ownership.

31. Related Party Transactions

Related party	Type of relationship	Type of transaction	Duration	Amount
<u>Direct:</u>				
Sulaiman Al-Kadi	Chairman	Insurance Premium	12-months	0.0881
Abdullah M. Al-Othman	Vice-Chairman		12-months	0.0146
Waleed Al-Jaafari	Member		various	2.0084
Khalid Al-Rajhi	Member		various	0.0821
Abdulrahman Balghunaim	Member		12-months	0.0146
<u>Through brokers:</u>				
Hassan Kabbani	Member	Insurance Premium	various	0.006
Dr. Sulaiman Al-Towaijri	Member		various	0.907
Waleed Al-Shoaibi	Member		various	0.419
Abullah M. Al-Othman	Member		various	0.279

32. Any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested

The Company did not conduct any business or made any contract where the company is a party and a director of the company or a senior executive or any related person.

33. Description of any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration.

There is no waiver of remuneration from any of the directors or Senior Executives.

34. Any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.

There is no waiver of profits from any of the shareholders.

35. Statutory dues and payments

- During the year 2017, the Company has made payments to various statutory agencies.
- The company does not have any outstanding statutory dues as on 31 December 2017, except for the following:

Authority	2017		Description	Comments
	Paid	Outstanding (till 31 Dec 2017)		
Taxes	3.69	1.25	Zakat and income tax	as per Zakat and Income Tax Laws
Zakat	7.31	11.74	Zakat and income tax	as per Zakat and Income Tax Laws
Saudi Arabian Monetary Authority	5.29	1.50	Inspection and supervision fees	as per the Law on Supervision of Cooperative Insurance Companies
General Organization for Social Insurance	4.34	0.40	Social insurance for employees	as per the Social Insurance Law
Council of cooperative health insurance	0.94	0.33	Inspection and supervision fees	As per Council of cooperative health insurance
Ministry of Interior, Chamber, Labor Office, SAGIA	0.03	0	Services fees	As per the Saudi laws and regulations

36. Employees benefits

The Company did not make any investments or set up any reserves for the benefit of the employees. The Company provides personal accident with group life insurance cover to its employees against any accidental death or disability.

37. Statements of affirmation

During the year,

- The Company has maintained proper books of accounts.
- The System of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the company's ability to continue as a going concern.

38. The external auditor's report does not contain reservations on the annual financial statements.

39. Board of Directors recommendation to replace the external auditor before the end of its term.

The Board of Directors had not recommend to replace the current external auditors. Moreover, the appointment of El Ayouty & Co Certified Public Accountants, Al Bassam and Al Nemer as external auditors was based on Audit Committee's recommendation and shareholders general assembly approval in their meeting on 21/05/2017

Conclusion:

The Board of Directors expresses its thanks and appreciation to our valued clients for their high confidence, and the Board is pleased to express its sincere thanks and gratitude to the shareholders who played a key role in the development of the company and making it progress well in the insurance market in the Kingdom and the Board is keen to express its sincere thanks and appreciation to the directors, managers and employees for their dedicated efforts throughout this period which resulted in distinct and consistent results.

Board of Directors of Walaa Cooperative Insurance Company

