

ولاء للتأمين التعاوني
Walaa Cooperative Insurance



12th Annual Report of the Board of Directors

For the year ended
31 December 2019

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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 2019. During 2019, Walaa reported Gross Written Premium (GWP) of SAR 1.215 billion as against SAR 1.105 during 2018 (increase of 9.96%). Company has done a remarkable job to reach to a position where it is now as compared to a modest GWP of SAR 142m written in the year 2009. Since then, Walaa 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 twelfth-year of growth and progress.

I am pleased to inform you that we have successfully completed the first merger transaction of insurance industry in KSA on 27 February 2020. This is another first and commendable achievement by the company. There are 32 insurance companies operating in Saudi market, with increasing market challenges, regulatory requirements and upcoming enhanced minimum capital requirement, it will be difficult for small companies to survive. Therefore, Companies will have to invest in technology and human resources, and it will be very difficult to manage operational expenses, unless they have economies of scale. The top 5 companies in Saudi Insurance Industry hold 70% market share. Most of the small to medium size companies have not been able to breakeven due to lack of scalability in business and fierce market competition. Mergers & acquisitions are considered to be a successful strategy for gaining additional market share and enhancing competitive position. Thus, Walaa's Board and Management had realized that it would be better to move early towards collaboration given that it is with the right strategic partner, of which an added value will be created. After exploring different partnership options, Metlife AIG ANB (MAA) was decided to be the choice for merger, for the following reasons:

- a. Increased client base.
- b. Enhanced geographical locations.
- c. Diversified portfolio of insurance products.
- d. Decreased costs and expenses.
- e. Enhanced negotiation capabilities with re-insurers.

Most importantly, this merger will provide Walaa with the opportunity of entering into the Protection & Savings (P&S) business, with MAA's previous experience and having ANB as bank partner, Walaa will have the distribution channels and the required experience to tap into a very promising market. The agreed Exchange Ratio of this transaction was that MAA shareholders were given 1 share of Walaa against 1.52 shares of MAA. The full impact of the merger will be seen from financial year 2021.

The financial stability is what sets Walaa apart from its competitors, and is driving the company towards successful growth. Walaa has been assigned an A3 Insurance Financial Strength Rating (IFSR) with a stable outlook by Moody's Investors Service, in Dec 2018. Later, after the announcement of possible merger with MetLife AIG ANB, Moody's revisited our rating, and continued with our assigned A3 IFSR and only changed outlook from stable to negative. The change in outlook to negative from stable reflects the short-term downside risks that is associated with merger. Walaa is one of the three Insurance companies

having an A rating in Saudi Arabia. The A3 IFSR of Walaa reflects its strong brand and market position, strong asset quality, good capital adequacy, strong reserve adequacy, and consistent profitability. Furthermore, rating agency expects that Walaa will maintain or improve its profitability growing the business and thereby further aid its capital adequacy. Additionally, Walaa has affirmed a Financial Credit Rating of BBB+ with positive outlook from S&P. The Company have also secured a GCC AA+ long term Gulf Cooperation Council Regional scale financial strength credit rating from S&P, indicating that we are on a robust core insurance platform and have a commendable degree of financial strength to honor our Policyholders' obligations. Post- merger, Walaa has a paid-up Capital of SR 646 million with a count of 64.6 million shares. The financial position of Walaa builds a solid structure for continuous business evolution. The Company's performance and Shareholders' Equity is now well-positioned and is set to grow stronger in the years to come. In addition to securing A rating, the Company is also proud to have ISO 9001:2015 (Quality Management System) and ISO 27001:2017 (Information Security Management) certifications. Walaa is progressing well with its customer first approach and always willing to serve policyholders beyond their expectation.

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 Walaa. Employees are urged to pursue vigorously locally available training facilities as well as enroll with professional courses abroad. Walaa is proud that as at end of 2019, more than 80% 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 Walaa at various stages of our operations.

Thank you,
Sincerely,

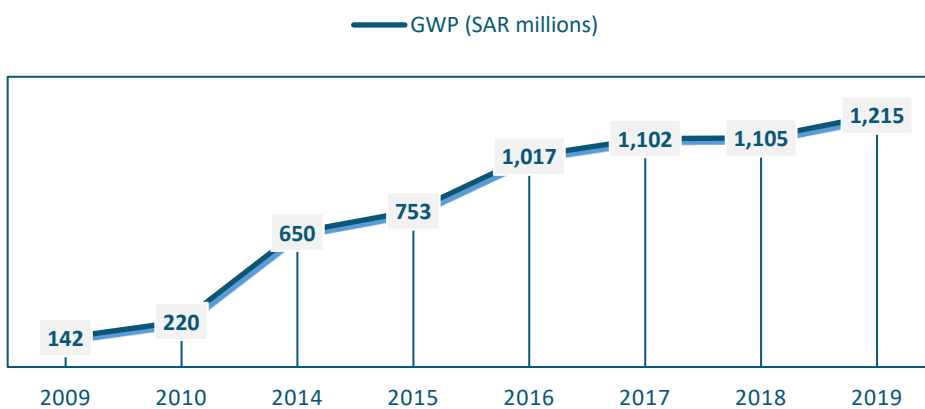
Suliaman Abdullah Al-Kadi
Chairman

Message from the Chief Executive Officer

Dear Shareholders,

With pride and privilege that the 12th Annual Report of Walaa 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, Walaa is pleased to secure its place into the prestigious league of **'Billion-Riyal' insurer for the 4th year**. The Company's progress in Gross Written Premiums (GWPs) and lines of business are captured in the following charts:

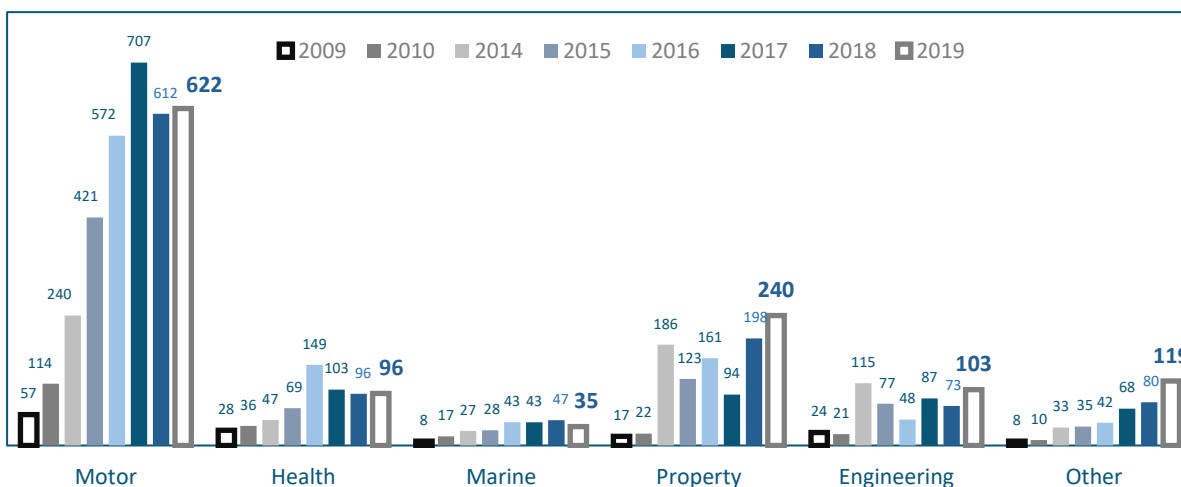
GROSS WRITTEN PREMIUM (GWP)



From a modest GWP of SR 142m in its first year of reported operation, Walaa has grown and consolidated its position as a responsible insurer in the Kingdom with a carefully designed plan for sustained growth.

Walaa reached the mark of **SR 1-billion** in the year 2016, continued with a stable growth, until it crossed the 1.2 Billion mark in 2019.

Gross Written Premium (GWP) (Line of business, GWP in SAR m)

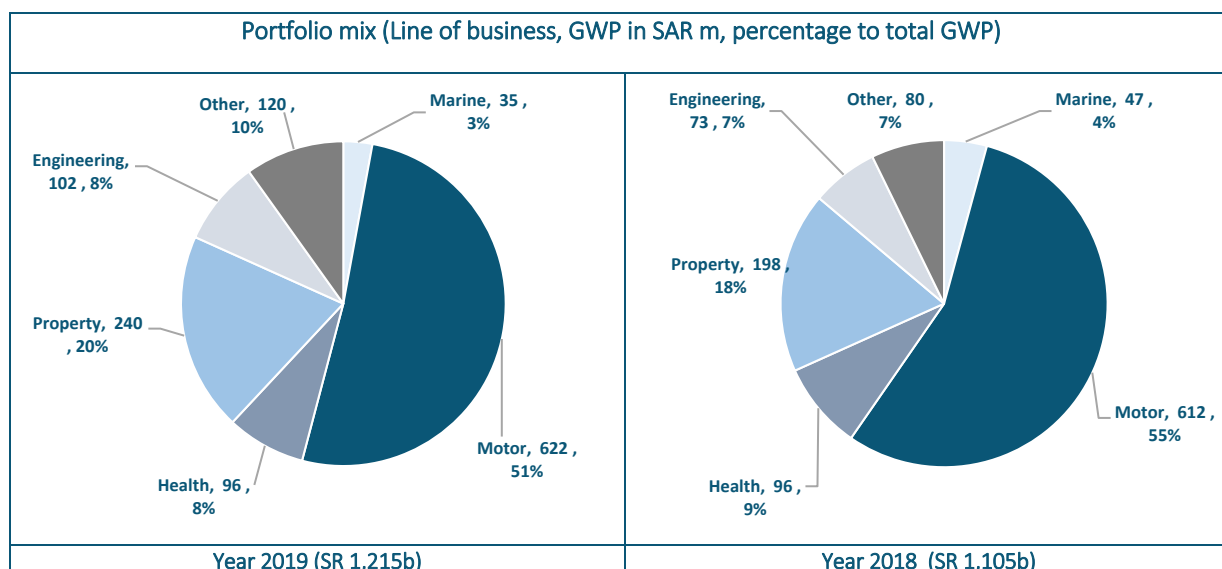


Walaa being a non-life insurer in the Kingdom's insurance market, writes major lines and growth that has been achieved over the years across these lines as shown in the above chart. While it is quite natural that compulsory lines – Motor and Health – occupy higher focus, other lines are also showing satisfying progress over these years.

Walaa is diversifying its portfolio by focusing more on its P&C products such as liability and also working to increase its Medical books. Further, post-merger Walaa will also have Protection & Savings products added to its list.

Line of Business Portfolio mix

Walaa 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 increase in Property, Engineering and Others (liability) is demonstrated in the year of 2019. The portfolio mix for the past two years is demonstrated in the following diagram:



The year under review reported a net income from insurance operations of SR 13m, and a total shareholders net income of SAR 21.38m for 2019. Which is a decrease in comparison with a net income from insurance operations of SR 113m, and a total shareholders net income of SAR 85.52m for 2018, predominantly due to the increase in claims paid and the net change of unearned premium. The attached Financial Statements provide more details in this regard. Year 2019 was a challenging year for the entire industry as underwriting margins for mandatory lines have come down for most insurance companies, Walaa as a company did reasonably well to end its books in profit. Company is forming a strategy and taking all necessary measures to bring more stability in results for future years.

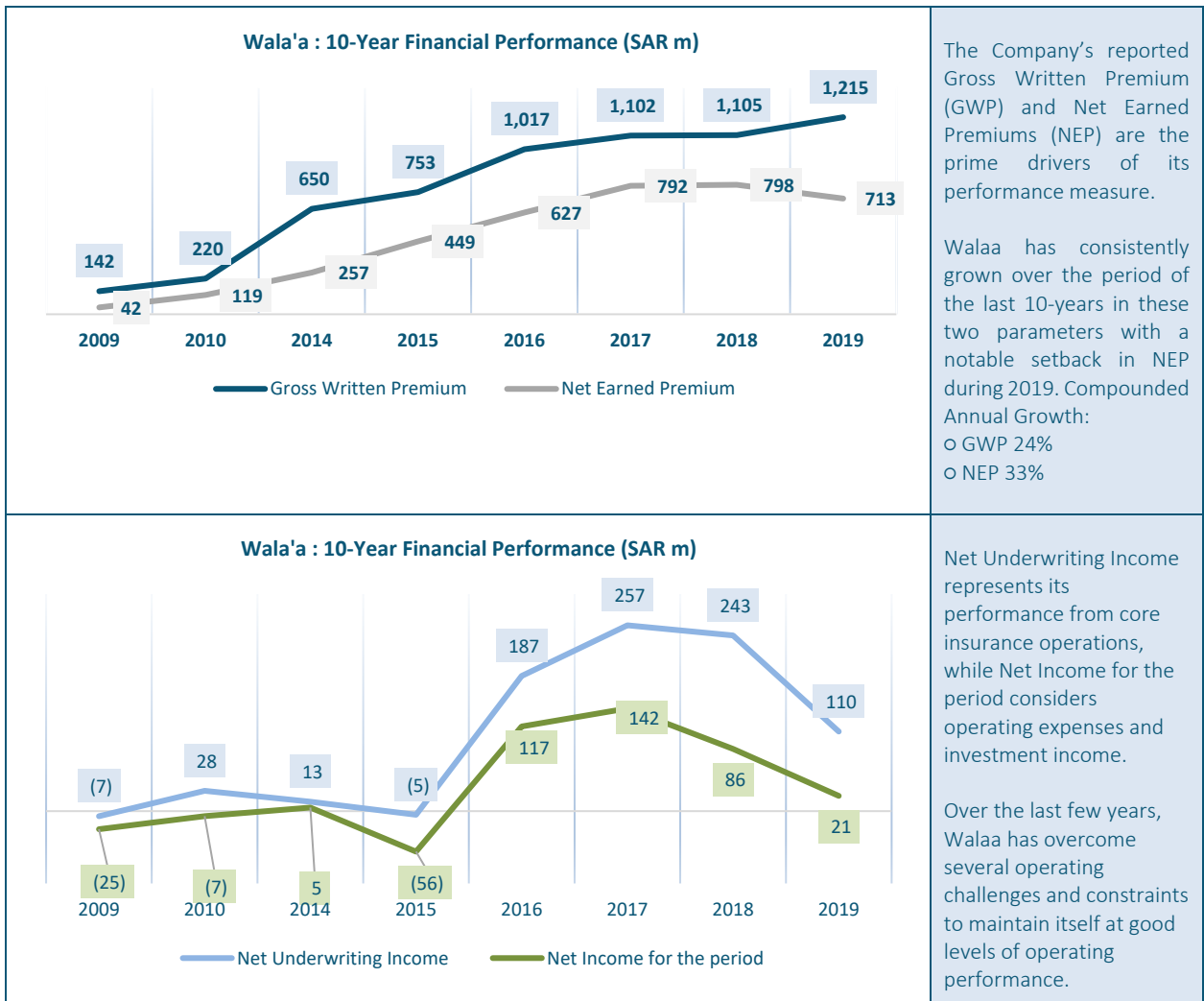
Continuing from previous years, the Kingdom's insurance industry in general is facing a situation of pricing issues, fierce competition between companies on existing accounts with a focus on price cutting. In addition, unbalanced concentration of premiums and issues relating to economies of scale when it comes to medium to smaller sized players. The need to carry additional technical reserves based on actuarial analysis continues and Walaa 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 2019.

Financial

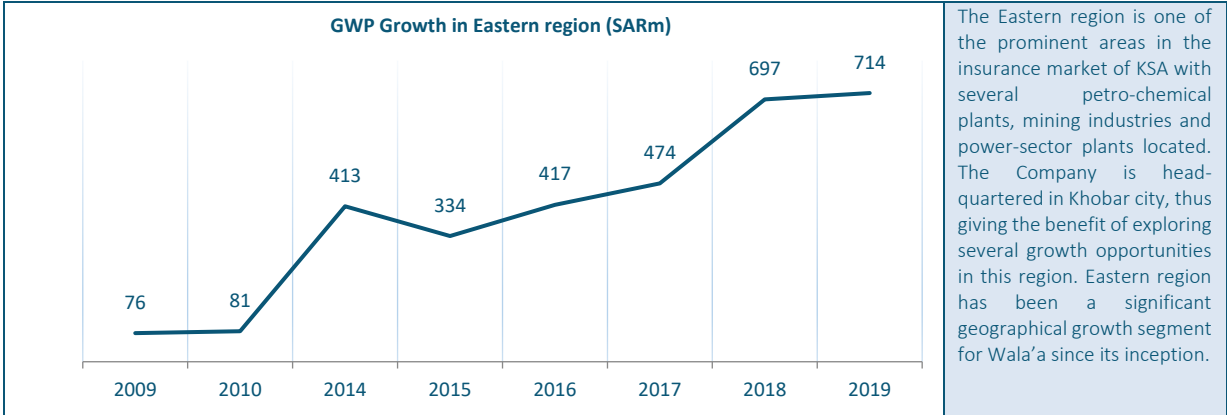
For the year 2019, the shareholders' net income was SR 21.38m, compared to SR 85.52m for the year 2018. The reduction in profits is predominantly because of the reduction in margins in motor line the as the competition got tougher.

The following charts summarize the 10-years' growth achieved by Walaa under various operating parameters:

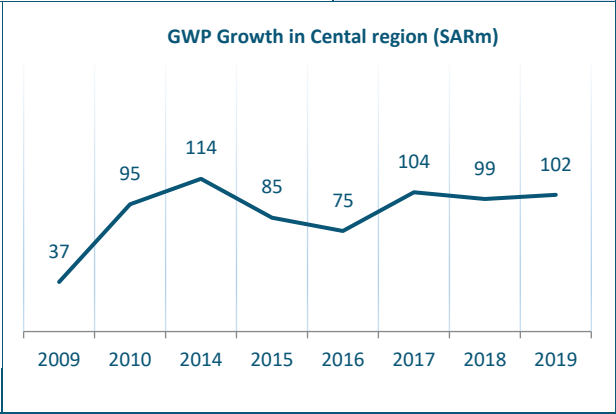
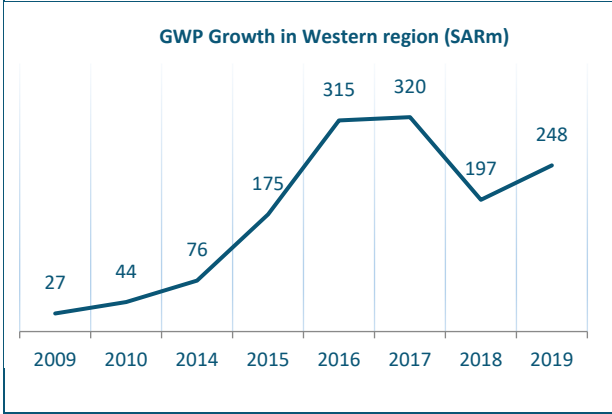


GWP for an insurance company is an important measure based on which rest of the growth parameters tend to develop. Walaa has achieved a fairly balanced growth across the regions in terms of GWP, and efforts continue to attain sustained growth in this regard.

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

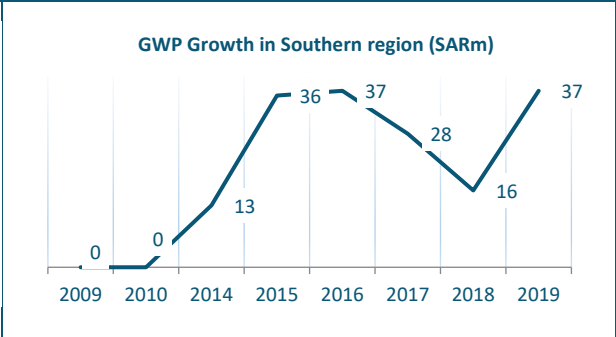
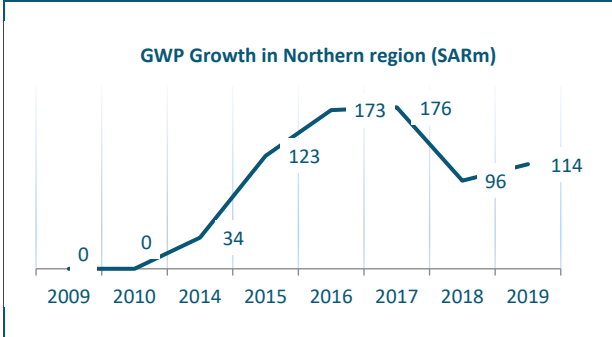


The Eastern region is one of the prominent areas in the insurance market of KSA with several petro-chemical plants, mining industries and power-sector plants located. The Company is head-quartered in Khobar city, thus giving the benefit of exploring several growth opportunities in this region. Eastern region has been a significant geographical growth segment for Wala'a since its inception.



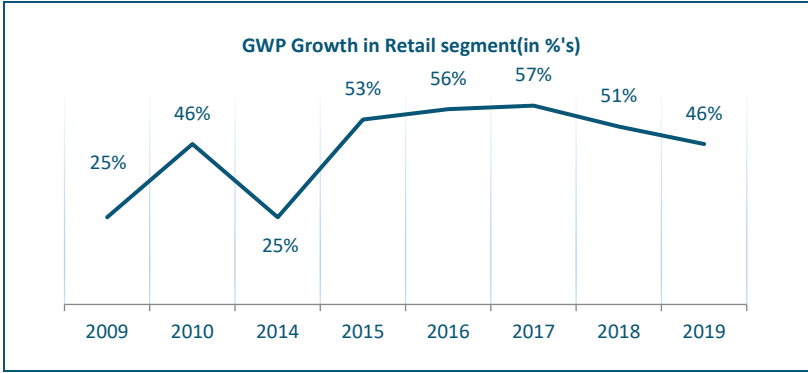
The Western region is very strategic and a prominent area in the insurance market of KSA with a huge population belt covered in this geographical segment. With places like Mecca, Medina and Yanbu located in this belt, several infra-structure, hospitality, transportation, growth and development projects are concentrated in this area. Wala'a continues to explore opportunities to further its business growth in this geographical area, with high expectation in the coming 3-5 years due to the government announced projects.

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.



With the development of a strong Retail presence, the business has expanded selectively into Northern region and, the growth has been impressive. The retail branches 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. GWP decreased in 2018 due to the introduction of No Claim Discount (NCD) and fierce price competition.

Similar to Northern region, the growth and expansion in Southern region has been achieved with the development of Retail presence covering remote locations. Wala'a continues its efforts to enter 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. GWP decreased in 2018 due to the introduction of No Claim Discount (NCD) and fierce price competition.

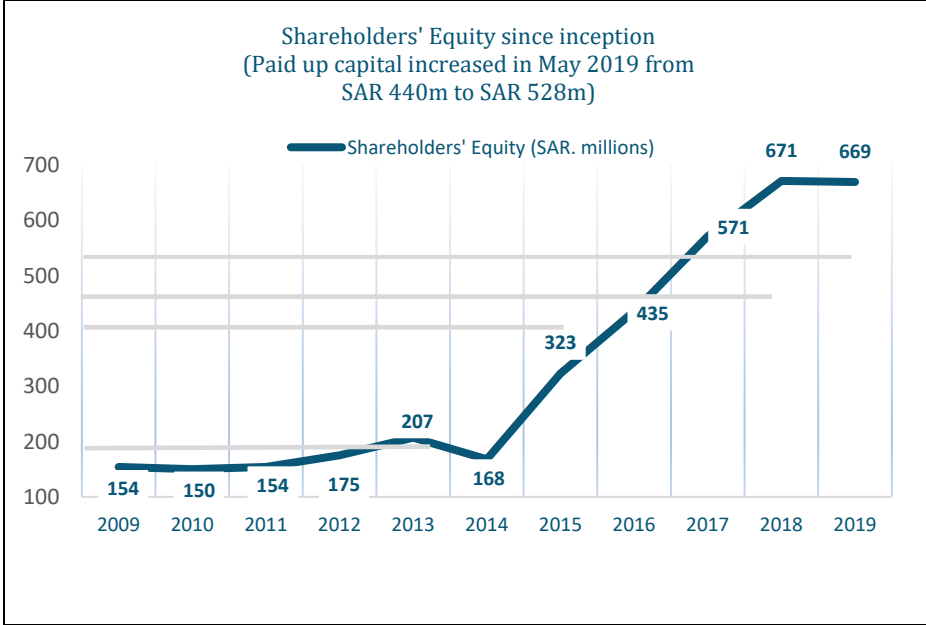


Retail business is a vital component in the insurance market of KSA specially in the compulsory insurance. Walaa has sustained its market share in this line in the past few years and intends to maintain it. The Company also has very active plans to cover niche segments of clientele within the retail segment by offering friendly facilities and features which will provide increased value and service benefits as compared to a standard insurance product.

Financial Strength Rating

We are happy to inform you that Walaa is sustaining its international Insurance Financial Strength (IFSR) rating of **A3**, with **'Negative outlook' from Moody's** and a Financial Strength Rating (FSR) of **BBB+** with **'positive outlook' from Standard & Poor's**. In addition to the global rating, Walaa sustained **gcAA+** (Gulf Cooperation Council Regional GCC scale financial strength credit 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. Furthermore, Walaa is the 1st insurance company in Saudi with ISO 9001:2015 Quality Management System, in addition to ISO 270001:2017 Information Security Management Certification

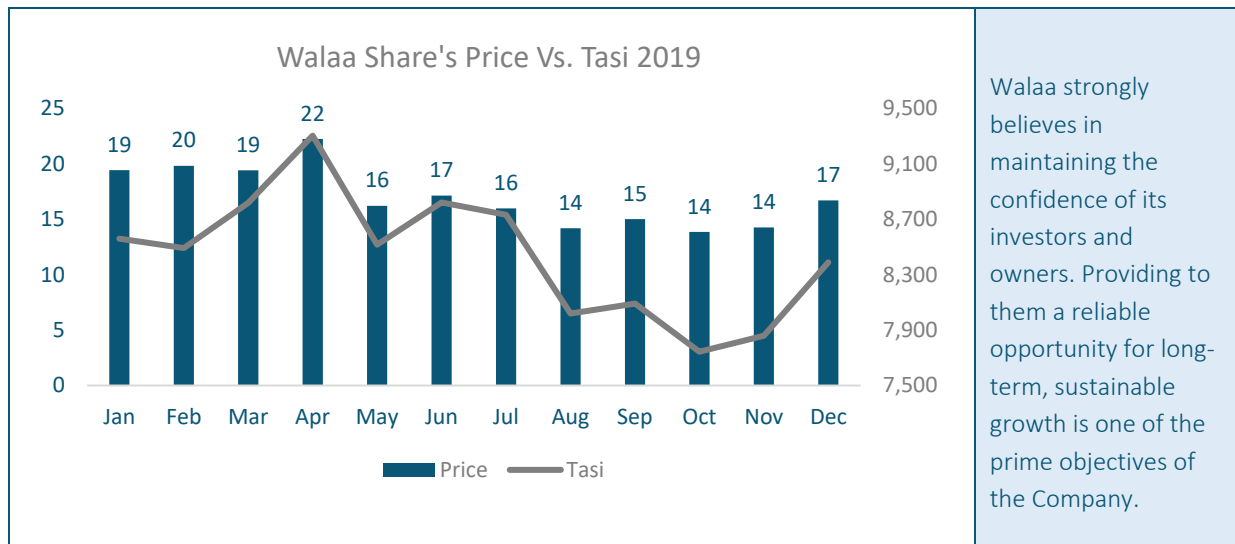
Shareholders' Equity grows into a positive mark: Value to shareholders



Walaa has been able to achieve a positive mark in its Shareholders' Equity thereby demonstrating our commitment to the valued Shareholders.

In 2019 capital increased from SR 440m up to SR 528m, and the number of shares from 44m shares up to 52.8m by offering 1 bonus share for every 5 shares owned. In addition, Walaa has paid dividends of SAR 44 Mio. in 2019.

Movement of our share price during the year 2019 is given below



Walaah strongly believes in maintaining the confidence of its investors and owners. Providing to them a reliable opportunity for long-term, sustainable growth is one of the prime objectives of the Company.

Growth strategy and marketing initiatives

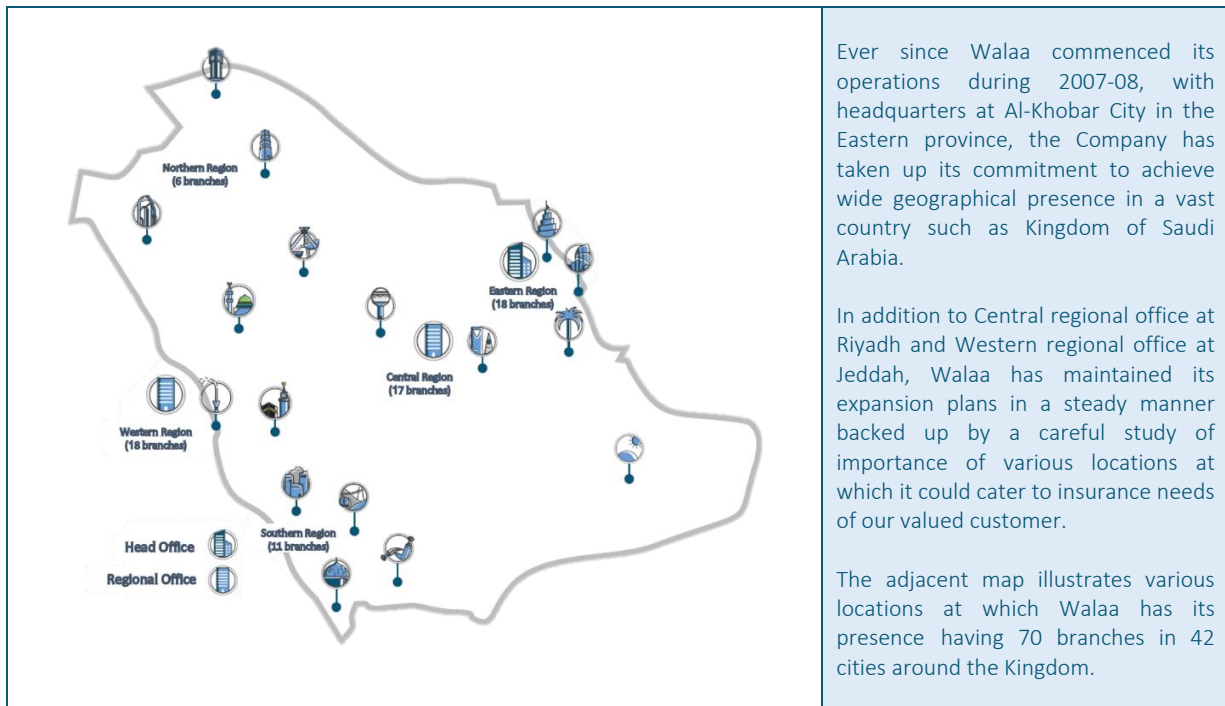
The Company has prepared a comprehensive 3-years Business Plan and submitted this as part of our application to SAMA seeking renewal of our operating license. This Plan encompasses various aspects

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.

such as 3-years 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 3-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 Property & Casualty insurance premium is expected to result in improved performance going forward.

We also have projected post-merger business in our business plan, which included Protection & Savings business and also expected business from ANB bank partnership.

Geographical spread and Country-wide presence



Business Process and IT improvements

Walaa is proud to have in place an IT system that is responsive to its needs, flexible and at the same time poised to develop into an integrated system that will meet its growing business requirements. The IT plan envisaged by the company adequately addresses related business risks and relevant security measures to address the same. Our IT system played a vital role in the success of our Company, now we have reached to a level where we are focusing on niche products and planning to expand our operations to GCC region. At this stage, Company has identified a need of having a Core Insurance System, tried and tested in insurance market. In this regard, we already have signed with SAP and likely to complete end to end system implementation in 18 to 24 months. We believe having a quality core insurance system like SAP will help us achieving our optimistic future plans. The company has implemented SAMA cybersecurity framework reaching to maturity level 3 out of 5 to ensure secured IT infrastructure is well defined and set to support business need and requirements.

Human Resources and Saudization

We at Walaa 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. In addition all staff have completed an Anti-money laundry (AML) training. 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 2019, at a Saudization level

of 80% Walaa retains 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 Walaa we deeply value the organizational experience and awareness which is utilized in a positive and constructive manner.

Corporate governance and risk management

Walaa 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 and also in accordance with SAMA's Risk Based Supervisory (RBS) framework. Walaa'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.

The company is in the process of preparing a comprehensive ESG (Environmental, Social and Governance) framework in line with best international practice.

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.

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. Walaa 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.

COVID-19 is impacting the insurance industry in multiple ways, from employee and business continuity issues to client service considerations to the financial outlook. Insurers are responding to the widening COVID-19 outbreak on multiple front such as claims payers, employers, and asset managers. Each has its own distinct challenges, not just for the insurance industry, but for the economy and society at large. However, the most immediate concern for insurers is protecting the health and safety of employees and their distribution partners as they strive to maintain business continuity. Like the commercial policyholders they serve, insurers are being challenged to review and update their crisis management plans and take steps to continue operations with a minimum of disruption to clients. Financially, insurers will also likely need to adjust their budgets and implementation plans, cash flow expectations, and

investment portfolios in light of recent developments. The COVID-19 epidemic and oil price reduction may will lead to a global recession of a magnitude that has not been experienced before.

Looking ahead

As outlined in our 3-years Business Plan, Walaa intends to attain a holistic growth in the next few years of its progress. With the availability of additional capital, the Company's growth and investment plans have been successfully implemented subject to availability of conducive financial market conditions.. 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.

Walaa 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. Walaa 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, Walaa 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 Walaa'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,

Johnson Varughese
Chief Executive Officer

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

As per the regulatory requirements, the members of the Board are selected based on their qualifications, knowledge, and skills in the various areas of the Company's business and operations.

The below shows the qualifications of each Board Member.

Board of Directors

Name	Current Positions	Previous Positions	Qualifications	Experience
Sulaiman A. Al-Kadi	Chairman of Walaa Cooperative Insurance Company	<ul style="list-style-type: none"> CEO – Saudi Electricity Company General Manager – Saudi Aramco 	Bachelor of Petroleum Engineering – University of Texas, USA	Over 50 years of experience in leadership positions in large organizations.
Khalifah A. Al-Mulhim ¹	General Manager - Khalifa A. Almulhem Limited Company	Held Senior Positions at Saudi Industrial Development Fund	Bachelor in Finance - University of Colorado, USA	Has a good experience in Board membership and Business Management, Family Business in specific.
Wasef S. Al-Jabsheh	CEO & Founder – International General Insurance Company “IGI”	Held Senior Positions at Abu Dhabi National Insurance Company	Bachelor of Economy – American University, Cairo	One of Insurance Professionals in the Middle East and founded several companies in the sector, such as; Middle East Brokerage & International Insurance Co.
Sulaiman A. Al-Twajiri	CEO & Managing Director – Saudi Arabian Amiantit Company	General Manager – Al Othman Agriculture Production Co. “Nada”	<ul style="list-style-type: none"> Ph.D. in Accounting – Case Western Reserve University Master’s in Accounting – University of Illinois Bachelor in Industrial Management - KFUPM 	In addition to his 27 years of experience in managerial positions, he has acquired Accounting certificates and participated in the Academic field.
Walid M. Al-Jaafari	Chairman of the Board - Al-Dawaa Medical Services Co. Ltd.	General Manager - Gulf Stevedoring Contracting Company	Bachelor of Economy – King Saud University	Participated as a Board Member of many well-known companies.
Abdulrahman Balghunaim	<ul style="list-style-type: none"> Head of Finance and Accounting - Ajda Food Commercial Company Managing Partner (Data Science Advisor) – Advanced Analytics fz llc 	<ul style="list-style-type: none"> Consultant – Ministry of Economy & Planning Senior Data Scientist - Center for Strategic Studies Senior Credit Analyst - Saudi Industrial Development Fund 	<ul style="list-style-type: none"> Master’s of Science, Applied Mathematics – DePaul University Bachelor of Science, Finance – KFUPM 	He has been working in the Economic field for years, and have acquired Technical certificates in Finance & Risk Management.
Hatem Balghoneim	<ul style="list-style-type: none"> CEO – Dynamic Oil Tools Manufacturing Company VP Upstream – Dynamic Energy 	Drilling & Workover Supervisor – Saudi Aramco	Bachelor of Petroleum Engineering – KFUPM	Completed several Technical courses & certificates, and been in the Petroleum engineering field for years.
Khalid A. Al Omran ¹	<ul style="list-style-type: none"> Founder – Dar Wa Emaar for Investment & Real Estate Chairman of the Board – Khalid & Abdulaziz Al Omran Co. 	Vice-Chairman – Tourism Committee at Sharqiyah Chamber of Commerce	Bachelor in Business Administration – St. Edwards University, USA	A businessman who has a unique experience in Real Estate & Investments.

Jameel A. Al Molhem ¹	Managing Director & CEO - Takween Advanced Industries	<ul style="list-style-type: none"> Managing Director – Shaker Group Sales VP – Saudi Telecom Company “STC” 	Bachelor of Marketing – KFUPM	In addition, his Board memberships in various companies, he has a good experience in governance, strategic management as well sales & marketing.
Abdulaziz S. Al Sheikh ¹	Actuary Specialist – Public Pension Company	Statistical Researcher - King Abdulaziz Center for National Dialogue	<ul style="list-style-type: none"> Master’s in Actuarial Science – University of Kent, UK High Diploma in Actuarial Science – University of Kent, UK Bachelor in Science – King Saud University 	Mr. Al Sheikh has done his specialization in Mathematics, Statistics, & Actuarial Science.

**(1) Member was appointed in 26/06/2019, start of the new Board term*

Executive Management

Name	Current Positions	Previous Positions	Qualifications	Experience
Johnson Varughese	Chief Executive Officer	<ul style="list-style-type: none"> Chief Financial Officer of Walaa (2007-2012) Regional Financial Controller – Future Pipe Group 	Bachelor in Business & Commerce, Chartered Accountant	More than 30 years of experience in executive positions, and in the financial field.
Salah M. Al-jaber	Chief Operating Officer	<ul style="list-style-type: none"> VP Sales & Marketing of Walaa for (2012-2017) Regional Manager - Weqaya Takaful Insurance Co Marketing Manager – Al Tamimi Group 	Bachelor in Business Administration, major in Marketing	In addition to his experience in the Saudi insurance market, he has been a member of various committees at Sharqiyah Chamber of Commerce.
Mohannad Al-Desouki	Chief Financial Officer	<ul style="list-style-type: none"> Financial Manager – Walaa Insurance Co. Financial Controller – Siemens Saudi Arabia Financial Analyst – General Electrics “GE” 	<ul style="list-style-type: none"> Master’s in Business Administration “MBA” (Expected Graduation Year: 2021) Bachelors in Finance - KFUPM 	In addition to his technical experience, Mr. Al Desouki has acquired Project Management Professional “PMP.
Wasif F. Minhas	Chief Technical Officer	<ul style="list-style-type: none"> Sales & Operation General Manager – AON Insurance Brokerage During his work years at New Jubilee Insurance Company in Pakistan, he held several senior positions. 	<ul style="list-style-type: none"> Master’s of Management – Sydney University MBA in Marketing Bachelor in Commerce 	An Insurance Professional with 20 years of experience. He is also a holder of “ACII” and other Insurance Certificates.

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 Manager	Inside / Outside the Kingdom	Type of Company	Name of the Company which a Board member was previously a member of their Board or Manager	Inside / Outside the Kingdom	Type of Company
Sulaiman A. Al-Kadi	Basic Chemical Industries	Inside Kingdom	Listed	Alawwal Bank	Inside Kingdom	Listed
	Chemical Development Company	Inside Kingdom	Not listed	Saudi Electricity Company	Inside Kingdom	Listed
Khalifah A. Al-Mulhim ¹	Advanced Petrochemical Co	Inside Kingdom	Listed	Saudi British Bank "SABB"	Inside Kingdom	Listed
	IGI Underwriting Co	Outside Kingdom	Listed	Jazira Bank	Inside Kingdom	Listed
	National Shipping Company of Saudi Arabia "Bahri"	Inside Kingdom	Listed	Saudi Industrial Development Fund	Inside Kingdom	Not Listed
	Saudi White Cement Company	Inside Kingdom	Not Listed	Al Ittifaq Steel Company	Inside Kingdom	Not Listed
	Al Jazira Support Services Company	Inside Kingdom	Not Listed	United Gulf Investment Corporation	Outside Kingdom	Listed
	KAMCO Limited	Inside Kingdom	Not Listed	General Organization for Social Insurance	Inside Kingdom	Not Listed
	KAMCO Holding	Inside Kingdom	Not Listed	Saudi Spanish Bank	Outside Kingdom	Listed
	MENA Financial Group Limited	Outside Kingdom	Not Listed	NAMA Chemicals Group	Inside Kingdom	Listed
Wasef S. Al-Jabsheh	International General Insurance (IGI) Company Limited	Outside Kingdom	Not Listed			
	International General Insurance (UK) Company Limited	Outside Kingdom	Not Listed			
	International General Insurance Company Limited – Labuan Branch	Outside Kingdom	Not Listed			
	International General Insurance Company (Dubai)	Outside Kingdom	Not Listed			
	North Star Underwriting Limited	Outside Kingdom	Not Listed			
	IGI Underwriting Limited	Outside Kingdom	Not Listed			
	Specialized Markets Investment Company	Outside Kingdom	Not Listed			
	IGI Services Limited	Outside Kingdom	Not Listed			

	Eastern Insurance Brokers	Outside Kingdom	Not Listed			
	International General Insurance Holdings Ltd.	Outside Kingdom	Not Listed			
Solaiman A. Al-Twajiri	Chemical Development Company	Inside Kingdom	Not Listed	Amiantit Saudi Arabia	Inside Kingdom	Listed
	Mulkia Investment Company	Inside Kingdom	Listed	Saudi Power Transmission Network	Inside Kingdom	Not Listed
	Tawzea Company	Inside Kingdom	Not Listed			
	Amiantit Morocco	Outside Kingdom	Not Listed			
	International Infrastructure Management & Operation Company Ltd.	Inside Kingdom	Not Listed			
	Amiantit Rubber Industries Ltd.	Inside Kingdom	Not Listed			
	Amiantit Fiberglass Industries Co. Ltd.	Inside Kingdom	Not Listed			
	Ameron Saudi Arabia Ltd.	Inside Kingdom	Not Listed			
	Factory of Bondstrand Ltd.	Inside Kingdom	Not Listed			
	Saudi Arabian Ductile Iron Pipes Co. Ltd.	Inside Kingdom	Not Listed			
	Saudi Arabia Concrete Products (SACOP) Ltd.	Inside Kingdom	Not Listed			
	Saudi Amicon Co. Ltd.	Inside Kingdom	Not Listed			
	PWT GmbH	Outside Kingdom	Not Listed			
	Amiantit Qatar Pipes Co. Ltd.	Outside Kingdom	Not Listed			
	Sarplast Qatar	Outside Kingdom	Not Listed			
	Ameron Egypt	Outside Kingdom	Not Listed			
	Amiantit Fiberglass Egypt	Outside Kingdom	Not Listed			
	Saudi Arabian Amiantit Management	Inside Kingdom	Not Listed			
	Infrastructure Engineering Contracting Co. Ltd.	Inside Kingdom	Not Listed			
	PWT KSA	Inside Kingdom	Not Listed			
	Ductile Technology Bahrain Ltd.	Outside Kingdom	Not Listed			
	Amiantit International Holding Ltd.	Outside Kingdom	Not Listed			
Amiblu	Outside Kingdom	Not Listed				

	Subor Boru	Outside Kingdom	Not Listed			
	Subor Gap	Outside Kingdom	Not Listed			
	Takween Advanced Industrial Company	Inside Kingdom	Listed			
	Nadec	Inside Kingdom	Listed			
Waleed M. Al-Jaafari	Advanced Petrochemical Company	Inside Kingdom	Listed			
	Eastern Cement Company	Inside Kingdom	Listed			
	Gulf Real Estate	Inside Kingdom	Not Listed			
	Star of Kingdom Contracting Limited	Inside Kingdom	Not Listed			
	Siyaha International Company	Inside Kingdom	Not Listed			
	Aldawaa Medical services co ltd	Inside Kingdom	Not Listed			
Hatem Balghonaim	Fahad Sulaiman Balghoneim Sons Co	Inside Kingdom	Not Listed	Ahsa Development Company	Inside Kingdom	Listed
	Saudi Quality and Inspection Company	Inside Kingdom	Not Listed	C & J Saudi Arabia	Inside Kingdom	Not Listed
Abdulrahman Balghunaim	Ahsa Development Company	Inside Kingdom	Listed			
	Advanced Analytics fz llc	Outside Kingdom	Not Listed			
Al Khalid Omran ¹	Dar Wa Emaar Real Estate & Investment Company	Inside Kingdom	Not Listed			
	Khalid & Abdulaziz Al Omran Company	Inside Kingdom	Not Listed			
	Dammam Hotels Limited Company	Inside Kingdom	Not Listed			
	Al Rashid & Al Omran Company	Inside Kingdom	Not Listed			
	Saraya Towers Al Olaya Company	Inside Kingdom	Not Listed			
Jameel A. Al Molhem ¹	Takween Advanced Industrial Company	Inside Kingdom	Listed	Al Hassan Ghazi "Shaker Group"	Inside Kingdom	Listed
	New Marina Plastics	Outside Kingdom	Not Listed	Saudi Telecom Company	Inside Kingdom	Listed
	Electrical Industries	Inside Kingdom	Listed	Selco Company	Inside Kingdom	Not Listed
				Contact Center Company	Inside Kingdom	Not Listed
				New Vision Company	Outside Kingdom	Not Listed

				Viva Kuwait	Outside Kingdom	Listed
				Viva Bahrain	Outside Kingdom	Not Listed
				Cell-C Copany	Outside Kingdom	Not Listed
				Avea Company	Outside Kingdom	Not Listed
				Türk Telekom Company	Outside Kingdom	Listed
				Intigral Company	Outside Kingdom	Not Listed
Abdulaziz Al Sheikh ¹	None.					

**(1): Appointed in the new Board term started on 26/05/2019*

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

As per article (15) of the company's Bylaws, Board composition shall consist of 10 members maximum and 5 members minimum, nominated by the Ordinary General Assembly for 3 years duration. The Board composition shall reflect sufficient representation of Nonexecutive & Independent Members. In 2019, new Board members were elected for the Board of Directors 5th term, which starts on 26/05/2019. The below table shows the name of members of the Board and details of their membership.

Board Member Name	Type of Membership	Classification of Membership
Sulaiman A. Al-Kadi	Chairman	Non-Executive
Khalifah A. Al-Mulhim	Vice-Chairman	Non-Executive
Wasef S. Al-Jabsheh	Member	Non-Executive
Sulaiman A. Al-Twajri	Member	Non-Executive
Walid M. Al-Jaafari	Member	Non-Executive
Abdulrahman Balghunaim	Member	Independent
Hatem Balghoneim	Member	Independent
Khalid A. Al Omran	Member	Independent
Jameel A. Al Molhem	Member	Non-Executive
Abdulaziz S. Al Sheikh	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

Our **Investor Relation Unit** ensures and maintains Shareholder rights, as it highly considers and responds to all shareholders inquires and complaints and opinions or suggestions, by all means, to be reported to the Board of Directors in every Board meeting. Any action or decision by Board members in regards to shareholders' inquires will be taken.

Investor Relation Contact Information	
Email:	investors@wala.com
Phone Number:	013-829 9405
Fax:	013-8652255
Website:	https://www.wala.com/investor-relation

5. Board of Directors and Committees

The Board of Directors is entrusted with effective management and control of the company, which includes but not limited the following responsibilities:

1. Set the performance goals and monitor implementation and overall performance at the Company.
2. Supervise the senior management and monitor the performance of the Company compared to the performance goals determined by the Board.
3. Upgrade the level and standards of corporate governance, ensuring compliance with relevant laws and regulations at all times.
4. Approve, review, and regularly update the key policies and procedures.
5. Ensure the validity of financial and accounting systems, including relevant financial reporting systems.
6. Develop policies and procedures, ensuring that the Company complies with the laws and regulations and fulfills its obligation to disclose the material information of the Shareholders, creditors, and other stakeholders.
7. To supervise the management of the Company's financial affairs, cash flows, and financial relations with third parties.

The Board of Directors shall conduct at least 5 meetings annually basis as the below table shows the attendance of each Board member:

Board Member	Total Number of Meetings: (5)					Total
	1 st Meeting 30/01/2019	2 nd Meeting 21/05/2019	3 rd Meeting 23/05/2019	4 th Meeting 29/09/2019	5 th Meeting 22/12/2019	
Sulaiman A. Al-Kadi	√	√	√	√	√	5
Khalid S. Al Rajhi ¹	√	√	-	-	-	2
Khalifah A. Al-Mulhim ²	-	-	√	√	√	3
Wasef S. Al-Jabsheh	√	√	√	√	√	5
Walid S. Alshoabi ¹	√	√	-	-	-	2
Walid M. Al-Jaafari	√	√	√	√	√	5
Sulaiman A. Al-Twajjri	√	√	√	√	√	5
Hassan Kabbani ¹	√	√	-	-	-	2
Abdulrahman Balghunaim	√	√	√	√	√	5
Hatem Balghoneim	√	√	√	√	√	5
Khalid A. Al Omran ²	-	-	√	√	√	3
Jameel A. Al Molhem ²	-	-	√	√	√	3
Abdulaziz S. Al Sheikh ²	-	-	√	√	√	3
Attendance	100%	100%	100%	100%	100%	-

**(1): Membership ended by the end of Board term 25/05/2019*

**(2): Appointed in the new Board term started on 26/05/2019*

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

(i) **Executive Committee**

- Members Qualifications:
 1. **Dr. Sulaiman Al Twajiri** holds a Bachelor’s in Industrial Management from KFUPM, and a Ph.D in Accounting from Case Western Reserve University. He is currently CEO of Amiantit Saudi Arabia Company. He has experience in different managerial and technical positions as he previously worked as General Manager in Al Othman Agriculture production Co.
 2. **Mr. Hatem Balghoneim** holds a Bachelor's degree in Petroleum Engineering from KFUPM. He is currently the CEO of Dynamic Oil Tools Manufacturing Company and Vice President of Dynamic Energy Co. Mr. Balghoneim previously worked at Saudi Aramco as a Drilling & Workover Supervisor.
 3. **Mr. Wasef Aljabsheh** holds a Bachelor's degree in Economy & Business Administration from American University in Cairo, he is the CEO and Founder of International General Insurance Company. Mr. Aljabsheh held a senior position at “Abu Dhabi National Insurance Company”.
 4. **Mr. Jameel Al Molhem** holds a Bachelor’s degree in Marketing from KFUPM, and he is currently working as the Managing Director of Takween Advanced Industries Company.

- 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	Total Number of Meetings: (7)						
		1 st Meeting 30/01/2019	2 nd Meeting 12/02/2019	3 rd Meeting 21/05/2019	4 th Meeting 22/07/2019	5 th Meeting 16/09/2019	6 th Meeting 05/11/2019	7 th Meeting 12/12/2019
Solaiman Al-Twajiri ¹	Chairman	√	√	√	√	√	√	√
Hatem Balghoneim	Member	√	√	√	√	√	√	√
Wasef Aljabsheh	Member	√	√	√	√	X	√	√
Jameel Al Molhem ¹	Member	-	-	-	√	√	√	√
Total Attendance		100%	100%	100%	100%	75%	100%	100%

*(1): Appointed in the new Board term started on 26/05/2019

(ii) **Audit Committee**

• **Members Qualification:**

1. **Mr. Abdulrahman Balghunaim** holds a Bachelor's degree in Finance from KFUPM as well as Master of Science, Applied Mathematics from DePaul University, he's currently managing partner (Data Science Advisor) in Advanced Analytics LLC and Head of Finance and Accounting in Ajda Food Commercial Company. Mr. Abdulrahman previously worked as a Senior Credit Analyst at Saudi Industrial Development Fund.
2. **Mr. Waleed Alothaimeen** holds a Bachelor of Industrial Management from KFUPM, he's currently Deputy General Manager at Saudi Gas Cylinder Factory. Mr. Al Othaimeen has nearly 30 years of experience in managerial positions as he was a manager at Eastern Petrochemical Company.
3. **Dr. Ammr Kurdi** holds a Bachelor's degree in Accounting from KFUPM, Masters in Accounting from the University of Arizona, and Ph.D. in Accounting from the University of Texas. Dr. Ammr has more than 13 years' experience in finance, accounts, and auditing, he currently works as a Chief Audit Executive at KFUPM, Financial Advisor at Khusheim Holding Group and Chief Financial Officer at The Saudi Arabian Amiantit Company.
4. **Dr. Sulaiman Al Sakran** holds a Bachelor's & Master's degree from KFUPM in Management. He also acquired his Ph.D from Huston University in Finance. In addition to his Academic knowledge, Dr. Al Sakran is an Audit Committee member at several companies such as; Salamah Insurance Co, Riyadh Bank, Tadawul...etc. He is also a Board member at Nadec.
5. **Mr. Adib Al Fuhaid** holds a Bachelor's degree in Accounting from King Saud University, and has Auditors International Fellowship Certificate. He is currently working as Head of Internal Audit for Al Tamimi Group.

- The Audit Committee shall ensure the implementation of the Board of Director's 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	Total Number of Meetings: (6)					
		1 st Meeting 27/01/2019	2 nd Meeting 03/03/2019	3 rd Meeting 29/04/2019	4 th Meeting 25/07/2019	5 th Meeting 27/10/2019	6 th Meeting 22/12/2019
Abdulrahman Balghunaim	Chairman	√	√	√	√	√	√
Waleed Al-Othaimeen ¹	Member	√	√	√	-	-	-
Amr Kurdi ¹	Member	√	√	√	-	-	-
Sulaiman Al Sakran ²	Member	-	-	-	√	√	√
Adib Alfuhaid ²	Member	-	-	-	√	√	√
Total Attendance		100%	100%	100%	100%	100%	100%

*(1): Membership ended by the end of Board term 25/05/2019

*(2): Appointed in the new Board term started on 26/05/2019

(iii) **Investment Committee**

- Members Qualifications:
 - Mr. Khalid Al-Rajhi** holds a bachelor's degree in finance from KFUPM, he's currently the chairman of Saudi Cement Company and the CEO Abdulrahman S. Al-Rajhi Co. Mr. Khalid participated as a Board member of many well-known companies, such as the chairman of ProCare Hospital.
 - Mr. Walid Al-Shoaibi** holds a bachelor's degree in Civil Engineering Science from Rice University as well as Masters in Business Administration from the University of Houston, he's currently the CEO of Shoaibi Group Companies. Mr. Walid previously worked as a Highway Design Engineer in Brown & Root/Texas.
 - Mr. Hassan Kabbani** holds a Certificate in Business Administration from Pepperdine University, he's currently the chairman Isam K. Kabbani Co. Mr. Hassan Has a high knowledge in Business and Management as he previously worked as a finance manager Issam Kabbani & Partners Co., for Construction & Maintenance.
 - Mr. Khalifa Almulhim** holds a Bachelor degree in Finance from Colorado University. He has held many managerial positions and Board memberships in large organizations in the Kingdom, in addition to managing his personal business.
 - Mr. Khalid Al Omran** he has a long experience in business and Real Estate investment, in addition to being a founder for some companies and has held Board membership in large companies.
 - Mr. Walid Al Jaafari** holds a Bachelor's degree in Economy from King Saud University, he's partner and chairman of the board of Al-Dawaa Medical Services Co. Ltd. Mr. Al Jaafari is on the Board of many well-known companies, and has also worked as General Manager at Gulf Stevedoring Contracting Company.
- 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	Total Number of Meetings: (4)			
		1 st Meeting 30/01/2019	2 nd Meeting 21/05/2019	3 rd Meeting 19/09/2019	4 th Meeting 21/11/2019
Khalid A. Al-Rajhi ¹	Chairman	√	√	-	-
Walid S. Al-Shoaibi ¹	Member	√	√	-	-
Hassan E. Kabbani ¹	Member	X	X	-	-
Khalifa Almulhim ²	Chairman	-	-	√	√
Khalid Al Omran ²	Member	-	-	√	√
Walid Al Jaafari ²	Member	-	-	X	X
Total Attendance		66.7%	66.7%	66.7%	66.7%

*(1): Membership ended by the end of Board term 25/05/2019

*(2): Appointed in the new Board term started on 26/05/2019

(iv) **Nomination & Remuneration Committee**

- Members Qualifications:
 - Mr. Waleed Aljaafari** holds a Bachelor's degree in Economy from King Saud University, he's partner and chairman of the board of Al-Dawaa Medical Services Co. Ltd. Mr. Waleed is the Board member in many well-known companies, and has also worked as General Manager at Gulf Stevedoring Contracting Company.
 - Mr. Sulaiman A. Al-Kadi** holds a Bachelor's of Petroleum Engineering from the University of Texas, he's currently the Chairman of Walaa Cooperative Insurance Company. Mr. Sulaiman has over 50 years of experience in leadership positions in large organizations as he previously worked at Saudi Aramco as General Manager and CEO at Saudi Electricity Company.
 - Mr. Hassan Kabbani** holds a Certificate in Business Administration from Pepperdine University, he's currently the chairman Isam K. Kabbani Co. Mr. Hassan Has a high knowledge in Business and Management as he previously worked as a finance manager Issam Kabbani & Partners Co., for Construction & Maintenance.
 - Mr. Hatem Balghoneim** holds a Bachelor's degree in Petroleum Engineering from KFUPM. He is currently the CEO of Dynamic Oil Tools Manufacturing Company and Vice President of Dynamic Energy Co. Mr. Balghoneim previously worked at Saudi Aramco as a Drilling & Workover Supervisor.
 - Mr. Khalid Al Omran** he has a long experience in business and Real Estate investment, in addition to being a founder for some companies.
- 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	Total Number of Meetings: (4)			
		1 st Meeting 30/01/2019	2 nd Meeting 21/05/2019	3 rd Meeting 29/09/2019	4 th Meeting 11/12/2019
Walid Al-Jaafari	Chairman	√	√	√	√
Sulaiman A. Al-Kadi	Member	√	√	√	√
Hassan E. Kabbani ¹	Member	√	√	-	-
Hatem Balghoneim ²	Member	-	-	√	√
Khalid Al Omran ²	Member	-	-	√	X
Total Attendance		100%	100%	100%	75%

**(1): Membership ended by the end of Board term 25/05/2019*

**(2): Appointed in the new Board term started on 26/05/2019*

(v) **Risk Management Committee**

- Members Qualification:
 1. **Mr. Walid Al-Shoaibi** holds a Bachelor's degree in Civil Engineering Science from Rice University as well as Masters in Business Administration from the University of Houston, he's currently the CEO of Shoaibi Group Companies. Mr. Walid previously worked as a Highway Design Engineer in Brown & Root/Texas.
 2. **Mr. Wasef Al-Jabsheh** holds a Bachelor degree in Economy & Business Administration from American University in Cairo, he's the CEO and Founder of International General Insurance Company. Mr. Wasef Held senior positions at "Abu Dhabi National Insurance Company".
 3. **Mr. Khalid Al-Rajhi** holds a Bachelor's degree in finance from KFUPM, he's currently the chairman of Saudi Cement Company and the CEO Abdulrahman S. Al-Rajhi Co. Mr. Khalid participated as a Board member in many well-known companies, such as the chairman of ProCare Hospital.
 4. **Mr. Jamil Al Mulhim** holds a Bachelor's degree in Marketing from KFUPM, and he is currently working as the Managing Director and Acting CEO of Takween Advanced Industries Company.
 5. **Mr. Abdulrahman Balghunaim** holds a Bachelor's degree in Finance from KFUPM as well as Master of Science, Applied Mathematics from DePaul University, he's currently managing partner (Data Science Advisor) in Advanced Analytics LLC and Head of Finance and Accounting in Ajda Food Commercial Company. Mr. Abdulrahman previously worked as a Senior Credit Analyst at Saudi Industrial Development Fund.
 6. **Mr. Abdulaziz Al Sheikh** specialized in Actuarial Science and have been working in the Mathematical & Statistical field for years.

- 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	Total Number of Meetings: (4)			
		1 st Meeting 07/02/2019	2 nd Meeting 21/05/2019	3 rd Meeting 29/09/2019	4 th Meeting 27/10/2019
Walid Al Shoaibi ¹	Chairman	√	√	-	-
Wasef Al Jabsheh ¹	Member	X	X	-	-
Khalid Al Rajhi ¹	Member	√	√	-	-
Jameel Al Molhem ²	Chairman	-	-	√	√
Abdulrahman Balghoniem ²	Member	-	-	√	√
Abdulaziz Al Sheikh ²	Member	-	-	√	√
Total Attendance		66.7%	66.7%	100%	100%

**(1): Membership ended by the end of Board term 25/05/2019*

**(2): Appointed in the new Board term started on 26/05/2019*

6. Board and Board Committee Evaluation

Board evaluation is done annually, in 2018, the Board availed the help of an external consultant whereas in 2019, the Nomination and Remuneration Committee (NRC) carried out the evaluation of the Board members, the Board as an entity and the Board Committees.

The following criteria were used to evaluate the members:

1. Member's readiness and preparedness prior to the Board and sub- committee meetings;
2. Demonstration of knowledge, understanding and technical experience during Board meetings;
3. Member's awareness of the Company's goals and business activity;
4. Member's productive and active engagement in discussions and communications;
5. Member's awareness and utilization of modern technology.

NRC noted that while individual members possess diverse skills, all of them made an effort to understand the challenges and contributed effectively to the deliberations in the Board and committee meetings. Orientation materials provided to the newly inducted members proved to be beneficial and useful. NRC evaluation summary was presented to the Board.

7. Compensation paid to Directors and senior executives

- All of the remunerations of Board of Directors and its Sub-Committees Members and directors of the Company were disclosed in the Remuneration Policy approved by the General Assembly 21/05/2019.
- We would also like to ensure that there is not any significant deviation between the remuneration stated in the policy.
- For the year 2019, following remunerations are payable to directors in compliance with Article (19) of the company's Bylaws and Remuneration policy:

Remuneration to the members of the Board of Directors during 2019

In SAR m	Fixed remunerations				Variable remunerations		Aggregate amount
	Specific amount	Allowance for attending board meetings	Allowance for attending Committee meetings	Total Paid	Granted shares	Total	
1) Independent members							
Khalid Al Rajhi ¹	0.090	0.010	0.040	0.140	-	-	0.140
Abdulrahman Balghoniem	0.180	0.025	0.128	0.333	-	-	0.333
Hatem Balghoniem	0.180	0.025	0.090	0.295	-	-	0.295
Walid Al Shoaibi ¹	0.090	0.010	0.040	0.140	-	-	0.140
Khalid Al Omran ²	0.090	0.015	0.040	0.145	-	-	0.145
Abdulaziz Al Sheikh ²	0.090	0.015	0.046	0.151	-	-	0.151
2) Non-Executive members							
Sulaiman Al Kadi	0.250	0.025	0.080	0.355	-	-	0.355
Khalifa Al Mulhim ²	0.090	0.015	0.040	0.145	-	-	0.145
Wasef Al Jabshah	0.180	0.025	0.082	0.287	-	-	0.287
Hassan Kabbani ¹	0.090	0.010	0.038	0.138	-	-	0.138
Jameel Al Molhem ²	0.090	0.015	0.048	0.153	-	-	0.153
Sulaiman Al Twajiri	0.180	0.025	0.090	0.295	-	-	0.295
Walid Al Jaafari	0.180	0.025	0.080	0.285	-	-	0.285
3) Executive members							
None							

*(1): Membership ended by the end of Board term 25/05/2019

*(2): Appointed in the new Board term started on 26/05/2019

- 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 members received a percentage of profits or periodic remuneration or short/long term incentive plans.

Following remunerations have been paid to 5-top executives of the Company during the year 2019

(All figures are in Thousands SAR)					
	Salaries	Allowances	In-Linked Benefits	Short-Term incentive plans	Total
Remunerations of top executives including CEO and CFO	3,672	1,285	28	529	5,514

Remuneration to the members of the Board of Directors' Sub-Committees during 2019

Name	Fixed Remuneration (Excluding Meeting Allowances)	Meeting Attendance Allowances	Total In SAR m
Executive Committee			
Sulaiman Al Twajiri	0.070	0.020	0.090
Hatem Balghoneim	0.070	0.020	0.090
Wasef Al-Jabshah	0.061	0.021	0.082
Jameel Al Molhem ²	0.035	0.013	0.048
Audit Committee			
Abdulrahman Balghoniem	0.100	0.024	0.124
Waleed Al-Othaimen ¹	0.050	0.011	0.061
Amr Kurdi ¹	0.050	0.011	0.061
Sulaiman Al Sakran ²	0.050	0.012	0.062
Adeeb Al Fuhaid ²	0.050	0.008	0.058
Investment Committee			
Khalid Al Rajhi ¹	0.035	0.005	0.040
Walid Al Shoaibi ¹	-	-	-
Khalifa Al Mulhim ²	0.035	0.005	0.040
Khalid Al Omran ²	0.035	0.005	0.040
Walid Al Jaafari	-	-	-
Nomination & Remuneration Committee			
Walid Al Jaafari	0.070	0.010	0.080
Sulaiman Al Kadi	0.070	0.010	0.080
Hassan Kabbani ¹	0.035	0.003	0.038
Hatem Balghoniem	-	-	-
Khalid Al Omran ²	-	-	-
Risk Management Committee			
Walid Al Shoaibi ¹	0.035	0.005	0.040
Khalid Al Rajhi ¹	-	-	-
Jameel Al Molhem ²	-	-	-
Abdulrahman Balghoniem ²	-	-	-
Abdulaziz Al Sheikh ²	0.035	0.008	0.043
Hassan Kabbani ¹	-	-	-

*(1): Membership ended by the end of Board term 25/05/2019

*(2): Appointed in the new Board term started on 26/05/2019

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.

Capital Market Authority "CMA" imposed (20,000) SAR fines on the Company, and that was due to the delay in disclosing the financial statement for the quarter ended 31 march 2019.

9. Corporate Governance

The Company has a **Corporate Governance Unit** under its Compliance Department to foster the implementation of the governance rules. It carries out all tasks related to Shareholders, the Board of Directors, and other stakeholders, as well as updating the internal corporate governance framework and the corporate policies.

The Company ensures 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 mentioned in Corporate Governance Regulation of CMA:

Article	Not implemented	Comments
38	Qualifications of the Secretary	This has not been implemented as being guiding article.
95	Formation of a Corporate Governance Committee.	This has not been implemented as being guiding article.

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.

- a. Evaluating the adequacy and effectiveness of the internal and external audit functions.
- b. Evaluating the adequacy and effectiveness of the compliance department
- c. Assessing the effectiveness of 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 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 2019. The purposes of these meetings included, among others, the following:

- a. Review and approval of the interim and final results of the company.

The internal audit department maintains its organization's 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, the 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 develops 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 Company has taken the following:

- Allocation of SAR 1 per insurance policy issued to be donated; half for Bena'a for Orphans Care, and the other half would be donated to Prince Sultan Rehabilitation for Disabled People "Efa'a". Both are licensed charities in the Kingdom.
- Support the "Kids Paintings & Creatives" by Children with Disabilities Association.
- Management & Employees participated in the blood donation campaign for World Diabetes Day adopted by the Council of Cooperative Health Insurance & Ministry of Labor.
- Every year, Walaa coordinates with different universities to train more than 25 university students through its summer or internship programs.

- Walaal welcomes university students who request the management to participate in their academic researches related to the insurance sector or listed companies.

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:

As per the Company's Bylaws article (30), the Board on an annual basis announces to its Shareholders the date, time and the location of the meeting to discuss and approve all related items to the shareholders' Board members and other matter through ordinary general assembly or non-ordinary general assembly meeting.

Board Member	General Assembly Meeting 21/05/2019
	Attendance
Sulaiman A. Al-Kadi	√
Khalid A. Al Rajhi	√
Wasef S. Al Jabshah	X
Walid S. Al Shoaibi	√
Walid M. Al-Jaafari	√
Sulaiman A. Al Tuwajri	√
Hassan E. Kabbani	√
Abdulrahman Balghoneim	√
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 inward reinsurance business, it does not contribute materially to the turnover and the reported surplus of the company for the year under review.

Company has been granted Protection & Savings Insurance License upon completion of the merger and the impact of this will be reflected in the coming years.

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

	2019				2018			
	Motor	Health	General	Total	Motor	Health	General	Total
Gross written premium	622	96	497	1,215	612	96	397	1,105
Net earned premium	609	68	36	713	662	102	34	798
Net technical result				110				243
Less: Operating expenses (unallocated)				(97)				(130)
Surplus / (deficit) from Underwriting operations				13				113

14. Financial Performance

Income and Expenditure Statement - For the period ended on 31 Dec. 19						
(SAR m)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Insurance Operations:						
Gross Premium Written	1,215	1,105	1,102	1,017	753	650
Net earned premium	713	798	792	627	436	270
Reinsurance commission	24	29	17	20	18	19
Other underwriting income	2	4	6	5	3	1
Total underwriting revenue	739	831	815	652	456	289
Net Incurred claims including reserve	(561)	(480)	(484)	(406)	(383)	(206)
Policy acquisition costs	(46)	(72)	(73)	(62)	(45)	(36)
Excess of loss protection cost *	-	-	-	-	-	(9)
Other underwriting expenses	(23)	(10)	(3)	(29)	(19)	(11)
Additional premium reserve	4	(5)	(2)	36	(10)	(14)
Other technical reserve	(3)	(21)	5	(5)	(5)	(0)
Total underwriting expenses	(629)	(588)	(558)	(466)	(461)	(277)
Net underwriting surplus	110	243	257	187	(5)	13
Employee cost and operation expenses	(97)	(129)	(92)	(63)	(54)	(49)
Surplus / (deficit) from insurance operations	13	113	165	124	(59)	(36)
Net Income attributed to insurance operations	(1)	(11)	(17)	(12)	-	-
Net surplus from insurance operations						
Transferred to shareholders	12	102	149	112	(59)	(36)
Commission income from bank deposits	15	11	4	6	1	1
Realized gains/(Loss) on available for sale investment	1	(6)	(5)	3	2	42
General and administrative expenses	(5)	(6)	(6)	(3)	(1)	(2)
Net Surplus / (deficit) for the period	23	100	142	117	(56)	5
Unrealized gain/ (loss) from investment in shares	21	14	7	5	(16)	(35)
Zakat and income tax	(2)	(15)	-	-	(4)	(9)
Comprehensive surplus / (deficit) for the period	42	99	149	122	(76)	(38)
*As of the period ended 30.06.2019 the presentation of Zakat and Income Tax is reclassified from Statement of Changes in Equity to Statement of Income						
Earning per share	0.40	1.62	3.22	2.93	(1.65)	0.19

Statement Of Financial Position - As on 31 Dec. 2019

(SAR m)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Assets						
Insurance Operations:						
Property & equipment & Intangibles	18	11	9	10	5	6
Insurance receivable	150	202	127	109	113	103
Reinsurer's share of unearned premium	274	196	130	137	118	119
Reinsurer's share of outstanding claims & IBNR	142	166	153	151	177	240
Deferred policy acquisition costs	17	24	37	33	23	16
Due from shareholders operations	-	-	-	-	1	1
Prepaid expenses and other assets	49	34	28	44	34	10
Accrued interest income	0	2	3	-	-	0
Short-term deposits	130	-	400	-	-	-
Cash and Cash equivalents	561	654	290	594	373	211
Sub-Total	1,342	1,288	1,178	1,076	844	705
Shareholder's operations :						
Statutory deposit	53	44	40	40	40	20
Other financial assets	404	163	97	110	85	79
Short term deposits	211	-	425	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	1
Accrued interest income on statutory deposits	6	4	3	2	1	-
Accrued interest income	5	3	2	-	1	1
Due from Insurance operations	12	27	15	20	-	-
Cash and cash equivalent	-	468	20	290	214	83
Sub-Total	691	708	602	462	341	185
Total Assets	2,033	1,997	1,780	1,538	1,185	890
Liabilities and Shareholders' equity						
Insurance operations:						
Technical reserves	985	928	965	933	719	600
Additional Premium reserves	5	9	3	1	37	27
Other Technical reserves	30	26	5	10	6	0
Reinsurance balances payable	173	141	62	16	10	24
End of service benefits	15	12	11	7	6	4
Accrued expenses and other liabilities	118	132	86	75	65	47
Due to shareholders	12	27	15	20	-	-
Share of Surplus	3	13	31	15	2	2
Sub-Total	1,342	1,288	1,178	1,076	844	705
Shareholder's operations:						
Due to insurance operations	-	-	-	-	1	1
Commission on statutory deposits Payable	6	4	3	2	1	-
Accrued expenses and other liabilities	16	34	28	24	15	15
Sub-Total	22	38	31	26	18	16
Shareholder's equity:						
Share Capital	528	440	400	400	400	200
Share Premium	30	30	30	30	30	-
Statutory Reserve	53	49	32	6	-	-
Retained earnings	40	155	127	24	(78)	(18)
Fair Value Reserve	18	(3)	(17)	(24)	(29)	(13)
Sub-Total Equity	669	671	571	436	323	168
Total Liabilities and Equity	2,033	1,997	1,780	1,538	1,185	890

15. Significant plans, decisions, and future prospects

The year 2019 was a challenging year for the insurance industry. The GWP for the industry is expected to have a negative growth as compared to last year. Under the challenging environment and stiff competition, Walaa has managed to finish the year with a reasonable increase in the previous year's GWP and also reported a moderate profit. Walaa looks forward to sustained growth and progress in coming years, the most important challenge for the year 2020 is the integration of business as we successfully have completed the merger transaction with MetLife AIG ANB Cooperative Insurance Company.

Walaa is proud of maintaining its position 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 ensures its compliance with all the related laws and regulations issued by the regulatory institutions in the Kingdom.

Walaa 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 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. Walaa 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. Walaa is committed to building its own sales and marketing teams who are qualified to better understand the growing needs in the insurance market across the nation. The Company wants to further strengthen its working relationship with all insurance brokers functioning in the Kingdom and, at the same time, would like to capitalize on its recent partnership with ANB bank as a result of the merger transaction, thereby consolidating its position as their reliable partner-in-progress.

The challenges of writing retail business have increased over a period of time, and Walaa has got a significant proportion of business through its retail motor sales. Management is very keen to ensure that this segment is conducted in full compliance with regulatory requirements. Walaa's outreach is well spread across the kingdom through its retail branches and points of sale. The company is planning to sell other retail products through the branch network, to diversify and also to reduce dependence on retail TPL. The Company is planning to increase its sales in corporate motor and medical business and, at the same time, continue to do well in other general products. Post-merger Walaa also has got the license to write Protection & Savings business. As a strategy company will start writing Group & Credit life policies immediately, and other medium to long term savings policies will be targeted at least after 1 year.

In today's world, business models are driven primarily by support from information technology. Walaa is proud to have in place an IT system that is responsive to its needs, flexible and, at the same time, poised to develop into an integrated system that will meet its growing business requirements. The IT plan envisaged by the company, adequately addresses related business risks and relevant security measures to address the same. Our IT system played a vital role in the success of our Company. Now we have reached a level where we are focusing on niche products and planning to expand our operations to the GCC region. At this stage, Company has identified a need for having a Core Insurance System, tried and tested in the insurance market. In this regard, we already have signed with SAP and likely to complete end to end system implementation in 18 to 24 months. We believe having a quality core insurance system like SAP will help us achieving our optimistic plans.

The Company has obtained a letter from Secretary-General of Council of Cooperative Health Insurance (CCHI) Walaa containing renewal of CCHI annual qualifying license for one year ending 3/5/2020.

Walaa has successfully completed the first merger transaction in the KSA insurance market on 27th Feb 2020 with MetLife AIG ANB Cooperative Insurance Company (MAA). This is another first and commendable achievement of Walaa, where Walaa has fully acquired MAA. The Company is in the critical stage of integrating business, people, and books of MAA. The decision has been taken to run off the existing portfolio of MAA, and over a period of 1 year, the business will be shifted to Walaa. Walaa has been looking to enter into the Protection & Savings (P&S) segment for some time but waiting to find the right strategic partner. Walaa sees that MAA's previous experience within P&S market as an advantage. In order to write P&S policies, distribution is the biggest challenge, and with this merger, Walaa also found ANB Bank as a strategic bank partner.

The financial stability is what sets Walaa apart from its competitors, and is driving the company towards successful growth. Walaa has been assigned an A3 Insurance Financial Strength Rating (IFSR) with a stable outlook by Moody's Investors Service, in Dec 2018. Later, after the announcement of the possible merger with MetLife AIG ANB, Moody's revisited our rating, and continued with our assigned A3 IFSR and only changed the outlook from stable to negative. The change in outlook to negative from stable reflects the short-term downside risks that is associated with the merger. Walaa is one of the three Insurance companies having an A rating in Saudi Arabia. The A3 IFSR of Walaa reflects its strong brand and market position, strong asset quality, good capital adequacy, strong reserve adequacy, and consistent profitability.

Furthermore, the rating agency expects that Walaa will maintain or improve its profitability growing the business and thereby further aid its capital adequacy. Additionally, Walaa has affirmed a Financial Credit Rating of BBB+ with a positive outlook from S&P. The Company has also secured a GCC AA+ long term Gulf Cooperation Council Regional-scale financial strength credit rating from S&P, indicating that we are on a robust core insurance platform and have a commendable degree of financial strength to honor our Policyholders' obligations. After the merger, Walaa has a Paid-up Capital of SR 646 million. The financial position of Walaa builds a solid structure for continuous business evolution. Walaa has continuously maintained its capital adequacy and solvency well above the required and recommended levels. Walaa based on its consistent performance and customer-centric approach have been recognized as one of the preferred insurer in KSA. As a company, Walaa aims to be known as the best-governed company in the region. The Company's performance and Shareholders' Equity is now well-positioned and is set to grow stronger in the years to come. In addition to securing A rating, the Company is also proud to have ISO 9001:2015 (Quality Management System) and ISO 27001:2017 (Information Security Management) certifications. Walaa is progressing well with its customer-first approach and always willing to serve policyholders beyond their expectations.

Walaa has appointed Shariyah Review Bureau Co. as a Shariyah review committee. Part of the committee

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.

duties is to review annually the company's products and services from an Islamic point of view and then report the review 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.

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

- a) **Strategic risk:** The risk of a loss in earnings, capital or franchise value that are created by or impact decisions relating to the business plan or strategic objectives; like the process of setting strategic and business plan objectives, specifications on how to achieve those objectives, as well as the implementation of those objectives and plans. This includes the failure to respond adequately to changing conditions. Strategic risk is explicitly considered through a 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.
 - **Competition risk:** The Company is facing intense competition from other insurance companies. For that reason, the Company has taken a series of proactive actions based on competitive prices that were examined from a statistical and an actuarial point of view. This ensures both the safety and success of the technical capacity of underwriting the insurance policies. In addition, the Company has implemented effective prevention programs to enable growth and achievement of its goals. The Company is keen to gain a competitive advantage by offering better services to all customers, and to live up to the high standards set. The Company is also investing in technology to have more efficient operations and is developing both existing and new products to ensure that nothing but the best possible service is delivered to its customers.
- b) **Insurance risk:** The risk of loss arising from the inherent uncertainties about the occurrence, amount, and timing of insurance liabilities and premiums. Insurance risk incorporates underwriting, reserving, and reinsurance risks.
 - **Business Concentration risk:** The risk of having a higher reliance on one line of business, while still maintaining the limits of the portfolio mix. Due to that, the following actions have been done to scatter the portfolio mix in a balanced manner evenly:
 - Increase corporate medical and motor business.
 - Gradually build a P&S portfolio.
 - Focus on niche products like D&O, PI Miscellaneous, Travel, Cyber Crime, and Extended Warranty.
 - Capitalize on banks partnership.
- c) **Compliance risk:** The risk of loss that might occur from lack of awareness or misunderstanding of ambiguity in, or misapplication of, the way law and regulation apply to the Company, its relationships, processes, products, and services. This includes the risk of not maintaining good regulatory relationships. The Company's management and compliance manager should ensure compliance with all regulatory requirements, initiate a timely update for regulatory changes, and enable the Company to remain compliant with all regulatory changes.

- d) **Operational risk:** The risk of potentially losing a portion of shareholder value as a result of failed internal processes, personnel, systems, or external events. This includes manual and computerized internal processes systems, including IT, communications, legal, strategic, and reputational risks. Robust systems and processes are in place to ensure that Operational risks are within the set appetite limits. Significant resources are devoted to maintain efficiency and effectiveness, throughout all operations, within Company's framework of corporate responsibility, policies, and business ethics code. The Company's 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 teams that oversee various controls to ensure adherence to all policies and procedures.
- **People risk:** The risk of having insufficient competent employees. The insurance market has the need for skilled teams to be familiar with insurance activities, which increases the demand for recruiting highly qualified candidates. Meanwhile, the Company is facing a resignation risk by its competent staff. However, the Company is continuing the policy of training and serious rehabilitation for both existing and new employees, which is varied to suit all management levels in the Company. The training procedure is exhibited in spite of having the chance of losing employees to other competitors, because it still remains in the interests of the country as a whole. Therefore, focusing on developing the skills of Saudi nationals will continue throughout all levels of the Company.
- e) **Counterparty risk:** The risk of not being able to recover money owed by third parties. This includes all counterparties, including reinsurers, intermediaries, and banks. This policy focuses on credit risk arising in relation to the Company's counterparties, rather than credit risk, which arises in relation to individual assets like due to changes in credit spreads and defaults or downgrades.
- **Overdue Receivable:** The risk of having amounts being past due by clients. Audit Committee is primarily responsible for reviewing overdue receivables, and the Risk Management Committee also oversees the overdue receivables on a quarterly basis. The Risk Management Department is regularly monitoring and reporting the overdue receivables in accordance with set Risk Limits & Tolerance to the Risk Management Committee.

17. Geographical operations

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

Year	Geographical spread of Gross Written Premiums					
	Eastern Province	Central Province	Western Province	North Province	South Province	Total
2019	714	102	248	114	37	1,215
2018	697	99	197	96	16	1,105
2017	474	104	320	176	28	1,102
2016	417	75	315	173	37	1,017
2015	334	85	175	123	36	753
2014	413	114	76	34	13	650
2013	235	54	57	1	-	347
2012	127	29	78	-	-	234
2011	134	79	66	-	-	279
2010	81	95	44	-	-	220
2009	76	37	27	-	-	141

18. Material variations from previous year

Please find below the table for reported operational results for the year 2018 as compared to previous year along with the explanation for variance: Figures in SAR Millions.

Reported Line item	Year		Change in		Explanation for variance
	2019	2018	Amount	%s	
Gross Written Premium (GWP)	1,215.39	1,104.96	110.4	10%	The major increase is from property and liability which is due to focus business segments.
Net Earned Premium (NEP)	712.87	798.33	(85.5)	-11%	Retention under compulsory lines has decreased comparing to 2018 due to the decrease in RI commission.
Net Claims Incurred	561.00	480.24	80.76	17%	The net claims increased mainly in Motor class compared to previous year actuals.
Changes in Additional Premium Reserves	(3.56)	5.33	(8.9)	-	Changes in actuarial reserves inline with the changes in the portfolio mix
Change in Other Technical Reserves	3.32	21.06	(17.7)	-	Changes in actuarial reserves inline with the changes in the portfolio mix
Policy Acquisition Costs	46.03	71.60	(25.6)	-36%	Mainly due to elimination of in Agency business, and taking over the agency.
Other Underwriting Expenses	22.66	9.68	13.0	134%	Due to increase in number of claims handled during the current year, the related claim administration expense has increased.
Operating and General Expenses (PH)	106.98	138.99	(32.0)	-23%	A decrease of marketing expenses due to the cost of purchasing the agency in 2018.
Commission on Bank Deposits From Insurance Operations	10.40	9.49	0.9	10%	Effective mtieisation of funds at better rates
Surplus / (Deficit) from Insurance Operations	13.43	113.47	(100.0)	-88%	As combined resultant figure which has been negatively impacted due to various line items explained above.
Commission on Bank Deposits From Shareholder's Operation	15.22	10.94	4.3	39%	Effective mtieisation of funds at better rates
Realized Gains/Dividend	1.14	(6.44)	7.6	-118%	Dividend received and no movement of realized investments.
Zakat and income tax	1.78	14.84	(13.1)	-88%	Due to operational result and excess Zakat and Tax provision up 2014 were reversed during 2019.
Net Income for the year	21.38	85.52	(64.1)	-75%	As combined resultant figure which has been negatively impacted due to various line items explained above.
Unrealized Changes In Fair Value	21.07	13.94	7.1	51%	Arises mainly due to movement in quoted values of Equity investments held by the Company. It is entirely on account of market movements.
Total Comprehensive income	42.44	99.46	(57.0)	-57%	As combined resultant figure which has been negatively impacted due to various line items explained above. It is entirely on account of market movements.

19. Accounting Standards

The company adheres to the International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The standard of IFRS 17 has been published on May 18, 2017, which applies to insurance contracts issued, reinsurance contracts, and investment contracts, with an effective date from January 01, 2022, whereas the comparative period starts from January 01, 2021. Implementing IFRS 17 will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures at the date of the publication of these financial statements. The Company expects that adopting the standard will likely have an impact on IT systems and data requirements. The Company, however, does not expect a significant financial impact from adopting the standard due to the short-term nature of its insurance contracts and the related settlement patterns of its cash flows.

Consequently, IFRS 17 will enable investors, analysts, and others to make better economic decisions using transparent and timely information about the risks from, and variability in, obligations arising from insurance contracts. IFRS 17 requires a company to recognize profits as it delivers insurance services as well as to provide information about insurance contract profits that the company expects to recognize in the future. This information will provide additional metrics that can be used to evaluate the performance of insurers and how that performance changes over time.

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 Bylaws article (46), each shareholder is entitled to his share of the profit according to the General Assembly resolution. The Dividends resolution shall state the due and distribution dates. Moreover, the shareholders who are registered in the shareholder book/record are eligible for the profit of the determined date. The company shall notify CMA without delay of the Dividends resolution or recommendation with regards to proceed at a place and time determined by the Board and in accordance with the instructions issued by the regulators taken into consideration SAMA’s approval.

During the year 2019, Company declared a cash dividend of 10% and bonus shares of 20%, utilizing a good portion of the retained earnings. In view of this, and in order to preserve earnings to build up reserves, the Board is not proposing any dividend for the year.

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 2019, there was no 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 2019, 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:

	Name of Person of Interest	Beginning of 2019		End of 2019		Total Change	Percentage of change
		No. of Shares	debt instruments	No. of Shares	debt instruments		
1	Sulaiman A. Al-Kadi	2,266	-	2,719	-	453	20%
2	Khalifah Al Mulhim*	1,316,942	-	2,431,171	-	1,114,229	85%
3	Khalid Al Rajhi	1,100	-	1,320	-	220	20%
4	Wasef Al Jebshah ¹	2,310,000	-	2,772,000	-	462,000	20%
5	Walid Al Shoaibi	110,000	-	132,000	-	22,000	20%
6	Sulaiman Al Tuwajri	1,100	-	1,320	-	220	20%
7	Walid Al Jaafari	528,000	-	633,600	-	105,600	20%
8	Hassan E. Kabbani	1,100	-	204,781	-	203,681	18516%
9	Abdulrahman Balghoneim	-	-	-	-	-	-
10	Hatem Balghoneim	343,643	-	361,177	-	17,534	5%
11	Khalid Al Omran*	1,500,000	-	2,061,916	-	561,916	37%
12	Jameel Al Molhem*	1000	-	1,200	-	200	20%

*Appointed in the new Board term started on 26/05/2019

*(1) Held through International General Insurance Company

- *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 2019, there were no 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 2019, there were no 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 2019, there was no redemption, purchase, or cancellation by the company of any redeemable debt instruments.

29. Shareholders Records

The shareholders' records were requested by the company (12) times during 2019, as shown in the below table:

Request Date	Date of Shareholders Record	Reason to Request
01/01/2019	31/12/2018	Annual Reporting
06/02/2019	31/01/2019	Checking changes occur in shareholders and Board member's ownership.
24/04/2019	04/06/2018	Checking changes occur in shareholders and Board member's ownership.
05/05/2019	02/05/2019	General Assembly
07/05/2019	07/05/2019	Dividends Distribution
12/05/2019	12/05/2019	Corporate Action
21/05/2019	21/05/2019	General Assembly
29/09/2019	29/09/2019	Checking changes occur in shareholders and Board member's ownership.
08/10/2019	07/10/2019	Checking changes occur in shareholders and Board member's ownership.
13/10/2019	15/09/2019	Checking changes occur in shareholders and Board member's ownership.
24/12/2019	23/12/2019	Checking changes occur in shareholders and Board member's ownership.
31/12/2019	31/12/2019	Annual Reporting

30. Related Party Transactions:

All figures are in millions SAR:

Related party	Board Member	Type of relationship	Type of transaction	Duration	Amount
-Sulaiman Abdullah Al-Kadi	Sulaiman Al-Kadi	Chairman	Various Insurance	12-months	0.025
- Khalifa A. AL-Mulhem Company LTD.	Khalifa AL-Mulhem	Vice-Chairman	Various Insurance	12-months	0.270
-Hatem Fahad Balgoneim	Hatem Balgoneim	Member	Various Insurance	12-months	0.007
-Abdulrahman Abdulmohsen Balgunaim	Abdulrahman Balgunaim	Member	Various Insurance	12-months	0.004
- Al-Dawaa Medical Service Co. LTD. - Mishraf Construction Development. - Waleed Mohammed Alajaafri	Waleed Al-Jaafari	Member	Various Insurance	12-months	1.254
- Saudi Arabian Ductile Iron Pipes Co. LTD. - Amiantit Group of Companies/Saudi Arabian Amiantit. - Saudi Arabian Amiantit Co. LTD (SAAC) - Amiantit Fiberglass Industries LTD. - Saudi Arabian Ductile Iron Pipes Co. LTD (SADIP). - Amiantit YACOAT Company.	Dr. Solaiman Al- Twajjri	Member	Various Insurance	12-months	0.547
- Shoaibi Group. - Shoaibi Contracting Establishment. - International sports holding co. ltd. - Suhayl bin Abdulmohsin Alshoaibi & Sons Holding Company Limited.	Walid Al-Shoaibi	Member	Various Insurance	12-months	0.096
-Abdulaziz Saad M Alshaikh	Abdulaziz AlShaikh	Member	Various Insurance	12-months	0.0001
-International General Insurance (IGI)	Wasef Aljabsheh	Member	Various Insurance	12-months	0.408

31. 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

During 2019 the company signed an agreement with Khalifa A. AL-Mulhem Company LTD in which Mr. Khalifa AL-Mulhem is a related party of the contract.

32. 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.

33. 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.

34. Statutory dues and payments

During the year 2019, the Company has made payments to various statutory agencies. The company does not have any outstanding statutory dues as on 31 December 2019, except for the following: All Figures in SAR Millions

Authority	2019		Description	Comments
	Paid	Outstanding (till 31 Dec 2019)		
General Authority OF ZAKAT & TAX	16.88	15.58	Zakat and income tax	as per Zakat and Income Tax Laws
Saudi Arabian Monetary Authority	5.68	1.79	Inspection and supervision fees	as per the Law on Supervision of Cooperative Insurance Companies
General Organization for Social Insurance	5.90	0.57	Social insurance for employees	as per the Social Insurance Law
Council of Cooperative Health Insurance	0.69	0.42	Inspection and supervision fees	As per Council of cooperative health insurance
Ministry of Interior, Chamber, Labor Office, SAGIA	0.46	0	Services fees	As per the Saudi laws and regulations

35. Employees benefits

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

36. Statements of affirmation

During the year,

- Proper books of account have been maintained.
- 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 its activity.
- There is no conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors.

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

38. Board of Director's recommendation to replace the external auditor before the end of its term.

The Board of Directors had not recommended replacing the current external auditors.

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



Walaa ولاء

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