

Date: 10/11/1442H

20/06/2021

Subject: Audit Committee Report to the General Assembly on the Adequacy of the Internal Controls for Fiscal Year 2020

Dear Walaa Insurance Company Shareholders,

Introduction:

As per the rules and regulations in KSA, the Board of Directors has formed an Audit Committee. The Committee comprises three members, all are independent. The Chairman is an independent non-executive director of the company. The Audit Committee held eight meetings in the year 2020, including its annual meeting with the Board dated on 27th December 2020. The Committee's 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).

Main Audit Committee Activities during the year ended 31stDecember, 2020:

- a) Review and recommend the interim and annual results of the company for approval.
- b) Evaluate the adequacy and effectiveness of the internal and external audit functions.
- c) Evaluate the adequacy and effectiveness of the compliance and AML department.
- d) Review the Appointed Actuary reports and make recommendations thereon for the Board.
- e) Review and present a study of the fundamental risks faced by the company, which include financial, operational and legal risks, and review the policies applied by the management related to the processes of identifying and evaluating the risks.
- f) Review and approve the annual plan for both Internal Audit and Compliance Departments.
- g) Recommend appointment company's external auditors to review committee's competencies, independency, and potential risks of conflict of interest in addition to their annual fees.
- h) Review the reports of the external auditors, the Internal Audit Department, and Compliance
- i) Department and submit any recommendations to the Board of Directors.
- j) Review SAMA's and other regulatory bodies' observations and submit any recommendations to the Board of Directors.
- k) Review the most important accounting policies and procedures.
- l) Review related parties' contracts & transactions and submit any views to the Board of Directors.

- m) Monitor important lawsuits filed between the Company or against it, and submit periodic reports on this matter to the Board of Directors.
- n) Ensure the ideal use of information technology, and the availability of controls to obtain accurate and reliable data.

Conclusion:

The Audit Committee reviewed the internal control and audit procedures within the limit of the tasks and the plan and limited works that were approved and tested by the internal audit and compliance departments, and after discussion with the external auditors and executive management on the results of the quarterly and annual business activities.

It's worth highlighting that it is not possible to fully ensure the comprehensives of the audit reviews since it's based on selected samples. Therefore, efforts are made to enhance and develop process of the internal audit continuously to ensure the effectiveness and efficiencies in reviewing the internal control process and procedures.

The internal control in the company and audit committee did not realize the existence of what should be referred to, or it is believed that there is any weakness or fundamental defect in the internal control system and polices. The Committee has confirmed there is no conflict between the Committee and Board's decisions.



Mr. Abdulrahman A. Balghunaim
Audit Committee Chairman



Dr. Sulaiman A. Al Sakran
Member



Mr. Adeeb S. Al Fuhaid
Member

Date: 10/11/1442H

20/06/2021

Subject: Nominating External Auditors for the Fiscal Year 2021 and First Quarter 2022

Dear Walaa Insurance Company shareholders


According to Article (81) of Corporate Governance Regulations, the Company has requested offers from seven audit firms to submit their proposals to perform the financials review of the company for the year ended on 31st December 2021 and 1st Quarter of 2022.

The Audit Committee has reviewed the submitted proposals taken into consideration the firms' competency, independency, and ensuring that there is no conflict of interest in addition to the fees of each firm. After discussion, deliberation and exchange of views, the Audit Committee made the recommendation to nominate the below auditors with the following resolution to be presented to the shareholders at the next general assembly meeting.

Name of Audit Firm	Annual Review Fees (SAR)	Quarterly Review Fees (SAR)	Total Fees (SAR)
El Sayed El Ayouty & Co. Certified Public Accountant	270,000	150,000	420,000
Al Azem, Al Sudairy, Al Shaikh & Partners Certified Public Accountant	265,000	132,000	397,000



Mr. Abdulrahman A. Balghunaim
Audit Committee Chairman



Dr. Sulaiman A. Al Sakran
Member



Mr. Adeb S. Al Fuhaid
Member

06 Shawal 1442H

18 May 2021

Subject: A Notification by the Chairman of the Board of Directors of Walaa Cooperative Insurance Company to the General Assembly of Transactions and Contracts with Related Parties

Dear Shareholders of Walaa Cooperative Insurance Company,

In accordance with the requirements of Article (71) of the Companies Law, which pertains to business and contracts concluded with other companies during the fiscal year 2020. Accordingly, I would like to inform you that the company has concluded one-year contracts with the related parties during the year 2020. Below A statement of transactions in which the Board of Directors have a direct or indirect interest in is as follows:

Description (Related Party)	Balance As At 31 st December 2020			Paid Claims	Broker Commission	Reinsurance
	Gross Written Premium (GWP)	Insurance Debit/Credit Balances	Outstanding Claims			
Mr. Sulaiman A. Al Kadi	3,164	(1,447)	20,033	-	-	-
Mr. Khalifa A. Al Mulhim						
1. KAMCO Group	269,407	198,672	34,970	2,361	-	-
2. Al Jazeera Support Services Co.	14,165	2,525	1,725	-	-	-
3. Advanced Petrochemical Co.	9,532,996	5,339,288	-	-	-	-
Mr. Waleed M. Al Jafaari						
1. Al Dawaa Medical Services	1,551,801	(39,674)	217,532	1,709,787	-	-
2. Meshraf General Contracting Co.	6,908	(343)	2,000	-	-	-
Mr. Wasef S. Al Jabsheh (IGI for General Insurance)	-	(104,223)	-	-	-	90,417
Mr. Jameel A. Al Molhem (Takween Advanced Industries Co.)	3,369,710	2,936,884	-	-	-	-
Dr. Solaiman A. Al Twajjri						
1. Amiantit Group	260,191	(49,615)	-	-	-	-
2. Dr. Solaiman A. Al Twajjri	25,310	-	-	7,351	-	-
Mr. Khalid A. Al Omran	18,873	-	-	-	-	-
Mr. Abdulrahman A. Balghunaim	2,503	-	-	-	-	-
Mr. Hatem F. Balghonaim	11,038	(507)	-	-	-	-
Mr. Hesham A. Al Jabr (Arab National Bank)	31,689,757	19,719,153	695,444	4,101,510	-	-
Total	46,755,823	28,000,713	971,704	5,821,009	-	90,417

Details of the Gross Written Premium (GWP) is listed below:

(Saudi Joint Stock Co.)

Fully Paid Capital SR 646m

Licensed & Supervised by SAMA

Description (Related Party)	GWP - Balance As At 31 st December 2020			Broker Commission	Reinsurance
	Motor	Medical	General		
Mr. Sulaiman A. Al Kadi	3,164	-	-	-	-
Mr. Khalifa A. Al Mulhim					
1. KAMCO Group	176,030	-	93,377	-	-
2. Al Jazeera Support Services Co.	-	14,165	-	-	-
4. Advanced Petrochemical Co.	-	-	9,532,996	-	-
Mr. Waleed M. Al Jafaari					
1. Al Dawaa Medical Services	1,551,801	-	-	-	-
2. Meshraf General Contracting Co.	6,908	-	-	-	-
Mr. Wasef S. Al Jabsheh (IGI for General Insurance)	-	-	-	-	90,417
Mr. Jameel A. Al Molhem (Takween Advanced Industries Co.)	-	3,369,710	-	-	-
Dr. Solaiman A. Al Twaijri					
1. Amiantit Group	-	-	260,191	-	-
2. Dr. Solaiman A. Al Twaijri	25,310	-	-	-	-
Mr. Khalid A. Al Omran	18,873	-	-	-	-
Mr. Abdulrahman A. Balghunaim	2,503	-	-	-	-
Mr. Hatem F. Balghonaim	11,038	-	-	-	-
Mr. Hesham A. Al Jabr (Arab National Bank)	23,788,077	-	7,901,680	-	-
Total	25,583,704	3,383,875	17,788,244	-	90,417

Further, I would like to confirm that the Board has taken the necessary measures to ensure that the transactions and contracts listed above were based on commercial bases without any preferential treatment.

An External Auditor was appointed to review and issue a report in respect to the contracts between the related parties and the Company during the year 2020 in accordance with the regulations and standards issued by the Saudi Organization for Auditors and Accountants (Previously: Saudi Organization for Certified Public Accountants ("SOCPA")).

The Board of Directors recommends that the said transactions and contracts be licensed by the General Assembly of Shareholders for one year.

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Chairman of Board of Directors

Mr. Sulaiman Abdullah Al Kadi

06 Shawal 1442H
18 May 2021

Subject: A Notification by the Chairman of the Board of Directors of Walaa Cooperative Insurance Company to the General Assembly of Transactions and Contracts with Related Parties

Dear Shareholders of Walaa Cooperative Insurance Company,

In accordance with the requirements of Article (71) of the Companies Law, which pertains to business and contracts concluded with other companies during the fiscal year 2020. Accordingly, I would like to inform you that the company has concluded one-year contracts with the related parties during the year 2020. Below A statement of transactions in which the Board of Directors have a direct or indirect interest in is as follows:

Description (Related Party)	Contract Type	Contract Value	Contract Details
1. Dr. Solaiman Abdulaziz Al Twaijri	Contract to provide consultancy service	SAR 160,000	Provide consultancy service, which include supervising the IFRS 17 Insurance Contract project implementation.
2. Mr. Jameel Abdullah Al Molhem	Contract to provide consultancy service	SAR 160,000	Provide consultancy service, which include supervising the implementation of the Company's new ERP System.
Total		SAR 320,000	

Further, I would like to confirm that the Board has taken the necessary measures to ensure that the transactions and contracts listed above were based on commercial bases without any preferential treatment.

An External Auditor was appointed to review and issue a report in respect to the contracts between the related parties and the Company during the year 2020 in accordance with the regulations and standards issued by the Saudi Organization for Auditors and Accountants (Previously: Saudi Organization for Certified Public Accountants ("SOCPA")).

The Board of Directors recommends that the said transactions and contracts be licensed by the General Assembly of Shareholders for one year.


Chairman of Board of Directors

Mr. Sulaiman Abdullah Al Kadi