

الجزيرة تكافل
AL JAZIRA TAKAFUL



Ordinary General Assembly

**Aljazira Takaful Taawuni Co. announces to Invites its
Shareholders to Attend the**

(The first meeting)

**Ordinary General Assembly Meeting through modern
technology.**

Date. 20/06/2023

Audit Committee Report to AGM for FY2022:

Dear Shareholders:

The Ordinary General Assembly of the shareholders of the company, in its meeting held on June 30, 2022 AD, approved the Audit Committee's terms of reference based on the recommendation of the Board of Directors. The Audit Committee is composed of three members, and the committee includes members from outside the Board of Directors. The Audit Committee meets at least six times annually, and the committee's decisions are documented in their minutes prepared by the secretary of the committee and signed by the chairman and members of the committee.

During the period - from the date of the Committee's approval to the date of this report - the Committee exercised a number of responsibilities, the most important of which are, for example, but not limited to:

- 1.** Reviewing and expressing an opinion on the financial statements for the third quarter of the fiscal year 2022, based on the meeting with the executive management and the external auditors, and submitting a recommendation to the Board of Directors for approval.
- 2.** Reviewing and expressing an opinion on the annual financial statements for the fiscal year 2022, based on the meeting with the executive management and the external auditors, and submitting a recommendation to the Board of Directors for approval. Noting that the Audit Committee obtained the necessary confirmations from the company's executive management and the external auditors of the adequacy of the provisions in the financial statements for the fiscal year 2022 AD.
- 3.** Studying and reviewing the nomination of the external auditors for the year 2023 AD for the company, which included sending invitations to authorized external auditors to audit the company's accounts and ensuring their independence, as well as studying the analysis of the submitted offers, which resulted in recommending the nomination of 2 independent external auditors for the company to audit the accounts for the fiscal year 2023 AD until the end of the first quarter of 2024 for the company, and the committee's recommendation has been submitted to the Board of Directors.

• **Audit committee meetings during Fiscal Year 2022:**

			(14) Meetings														
	Name	Position	Membership Type	17	22	24	20	17	03	10	17	05	12	29	02	14	28
				Mar 22	Mar 22	Mar 22	Apr 22	May 22	Jun 22	Aug 22	Aug 22	Sep 22	Sep 22	Sep 22	Nov 22	Nov 22	Nov 22
1	Mr. Khalifa Al-Khalifa*	Chairman of the Committee	Independent	✓	✓	✓	✓	✓	✓	-	-	-	-	-	-	-	-
2	Mr. Adel Al Alhowar*	outside the board Member		✓	✓	✓	✓	✓	✓	-	-	-	-	-	-	-	-
3	Mr. Mohammed Alammari*	Member outside the board		✓	✓	✓	✓	✓	✓	-	-	-	-	-	-	-	-
4	Mr. Ibrahim Alhurabi**	Chairman of the Committee	Independent	-	-	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
5	-Mr. Khaled Al Khuwaiter**	outside the board Member		-	-	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
6	Mr. Abdulkarim Al Shamekh**	Member outside the board		-	-	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓

* Membership ends due to the end of the Board term (Third Term) on 01/07/2022 AD.

** He joined to the new Board of Directors (Fourth term) on 17/07/2022 AD.

- **Result of the annual review of the effectiveness of the Company's internal control procedures:**

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

First line of defense: The various departments in the company harmonize their activities in accordance with the laws and regulations established and approved by the concerned authorities.

The second line of defense: While the various control departments represented by the Compliance Department, Risk Management, Financial Management, and Information Security Department play the role of the second line of defense, and are concerned with evaluating, measuring and monitoring different risk levels at all levels of daily operations according to the roles assigned to them, to ensure their consistency with the controls that developed with the aim of fulfilling the regulatory, legislative and supervisory requirements in this regard. These departments submit their periodic reports to the internal administrative committees and the Board's sub-committees, as contained in the work regulations of those committees, including the Board Risk Management Committee.

The Third Line of Defense: The Internal Audit Department plays the role of the third line of defense, which is concerned with conducting the necessary examinations and reviews according to the internal audit plan, expressing an opinion about it to the concerned authorities, following up on the correction plan, and submitting its necessary reports to the Audit Committee periodically.

In general, it has been reasonably ascertained of the availability of internal control procedures and systems in terms of covering these important control aspects that fundamentally affect the company's performance of its duties regarding the effectiveness of internal control controls in the company's various activities.

- **Evaluation of the Audit Committee on the adequacy of the Company's Internal Control Rules:**

The executive management of the company is responsible for establishing and maintaining an effective internal control system that includes all policies, procedures, and processes that have been designed under the supervision of the Board of Directors to achieve the strategic objectives of the company. An integrated system for internal control has been designed in the company as recommended by the regulatory and supervisory authorities. The company evaluates and monitors the internal control system through its control functions and the concerned Committees.

The Audit Committee reviewed various reports on the adequacy of internal controls and systems, including financial statements, actuary reports, internal audit reports, compliance department reports, and combating money laundering and terrorist financing. The committee is also responsible for reviewing and following up on the corrective plans presented by the executive management and expressing an independent opinion to the Board of Directors on their adequacy

and effectiveness. The committee's discussions and decisions are documented in their minutes of the meetings, and issues that require attention are raised to the Board of Directors on a regular basis. During this year, the members of the Audit Committee held meetings with the Head of the Internal Audit Department, the Head of the Compliance Department, representatives of the Finance Department and External auditors, as well as representatives of the Actuarial Services Department, the Appointed Actuary, and the company's advisors for the IFRS-17 implementation project. The committee was briefed on the latest developments regarding issues that require the committee's attention. The committee also received internal audit reports and reports of the oversight authorities, in addition to the reports of the external auditors issued during the year. The Audit Committee also reviewed the effectiveness of the internal control system and the procedures for complying with the policies in Aljazira Takaful Company and the relevant regulatory and requirements in the Kingdom of Saudi Arabia and whether the management has fulfilled its duty to establish effective internal control systems and seek independent confirmation by the internal audit department to assess the extent of the adequacy and effectiveness of these internal controls.

Addition to that, based on the periodic reports presented to the Audit Committee from the date of the beginning of the Committee's membership by the internal control functions i.e. Internal Audit Department, the Compliance Department, the Risk Management Department, as well as the other independent parties' i.e. The appointed actuary, external auditors, and the company's consultants for the IFRS-17 implementation project, and other regulatory authority's reports.

And according to the annual assurances and disclosures obtained from the Executive Management, the Audit Committee have an opinion - to a reasonable extent - that the internal control system currently in place is operating with an acceptable manner, with the need to improve some elements and components of the internal control system and correct them for the past fiscal year to increase their efficiency to achieve the desired goals as per the best practices in this regard, especially to those related to the provisions. Needless to say that, taking into consideration that any internal control system, regardless of the soundness of its design and effectiveness of its implementation, cannot provide absolute assurance.

End.....



Mr. Ibrahim Al-Hurabi

Chairman of the Audit Committee

Agenda # 8.

Voting on the businesses and contracts that will be concluded between the company and Bank Aljazira (a related party) represented in the Property All Risk and Banker Blanket bond and Property All Risk- Mortgage Employee Property All Risk- Mortgage Customer and real estate financing portfolio protection services agreement for the banks' customers and personal finance portfolio protection services agreement for the banks' customers, In which the members of the Board of Directors, Eng. Abdulmajeed bin Ibrahim Al-Sultan, Mr. Naif Abdulkarim Al Abdualkarim, Mr. Khalid bin Othman Al-Othman, have an indirect interest in it. Note that the total amount of transactions that took place with the company in the previous year amounted to 103,431 thousand Saudi riyals without preferential terms. (Attached)

Agenda # 9.

Voting on the businesses and contracts that will take place between the Aljazira Takaful Taawuni and AlJazira Capital Company which is considered a Related Party represented in profit earned on mutual funds, custodian charges, other income, in which the members of the Board of Directors, Eng. Abdulmajeed bin Ibrahim Al-Sultan, Mr. Naif Abdulkarim Al Abdelkarim, Mr. Naif Mesnad Al Mesnad, Mr. Khalid bin Othman Al-Othman, have an indirect interest. Note that the total amount of transactions that took place with the company in the previous year amounted to 15,305 thousand Saudi riyals without preferential terms. (Attached).

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting – Member Crowe Global

**ALJAZIRA TAKAFUL TAAWUNI COMPANY
(A SAUDI JOINT STOCK COMPANY)
LIMITED ASSURANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Independent Limited Assurance Report

To the Shareholders of AlJazira Takaful Taawuni Company (A Saudi Joint Stock Company)

Introduction

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below (“Subject Matter”), has not been reported, in all material respects, in accordance with the applicable criteria (“Criteria”) set below.

Purpose of the Limited Assurance Report

This report was submitted at the request of the Chairman of the Board of Directors of AlJazira Takaful Taawuni Company to be presented to the shareholders in the General Assembly of the Company in compliance with the requirements of Article (71) of the Companies Law issued by the Ministry of Commerce and Investment (the "Ministry") (1437H - 2015G).

Subject and related matters

The Subject Matter of our limited assurance engagement is related to the declaration enclosed in the attached Appendix 1 (the “Declaration”) prepared by the Management and presented by the Chairman of the Board of the Directors of AlJazira Takaful Taawuni Company (“the Company”) in respect of transactions between any member of the Board of Directors and the Company occurred during the year ended 31 December 2022 to be presented to the Company’s general assembly.

Management Responsibility

The Management and the Chairman of the Company are responsible for the preparation of the Declaration in accordance with the applicable Criteria, and are responsible for the selection of methods used for identification of transactions under the applicable Criteria. Further, the management and the Chairman of the Company are responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Declaration that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the International Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (‘ISAE 3000’) as endorsed in the Kingdom of Saudi Arabia and the terms of reference for this engagement as agreed with the Company.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner’s judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Independent Limited Assurance Report

To the Shareholders of AlJazira Takaful Taawuni Company (A Saudi Joint Stock Company) (continued)

Independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) as endorsed in Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we are also independent of the Company’s in accordance with professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia that are relevant.

The firm applies International Standard on Quality Management 1 (“ISQM 1”), as endorsed in the kingdom of Saudi Arabia, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Procedures

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included:

- Obtain the BOD Chairman’s list that includes all kind of business and contracts performed by any of the BOD members either directly or indirectly in the favor of the Company during the year;
- Check the BOD minutes of the meeting that indicate member’s notification to the BOD on the business and contracts performed by the BOD member;
- Obtain the required approvals on the transactions included in the Declaration.
- match the business indicated in the report of the Chairman of the BOD on transactions with related parties that have a direct or indirect personal interest for the members of the BOD with the accounting and transaction records.

Further, we have not performed any audit or review procedures for the transactions carried out by the Company during the year ended 31 December 2022 in which any of the members of the Board of Directors had a direct or indirect personal interest, and for the underlying records or other sources from which the Declaration was extracted. Accordingly, we do not express such an opinion.

Limited Assurance Conclusion

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the accompanying declaration of **AlJazira Takaful Taawuni Company** for the year ended 31 December 2022 is not prepared in accordance with Article 71 of the Regulations for Companies issued by the MOCI (1437H - 2015).

Independent Limited Assurance Report

**To the Shareholders of AlJazira Takaful Taawuni Company
(A Saudi Joint Stock Company) (continued)**

Restriction of Use of Our Report

Our report is prepared upon the request of the Company's management to be presented to the shareholders in their General Assembly Meeting in accordance with the requirements of Article (71) of the Companies Law and should not be used for any other purpose.

**AlAzem, AlSudairy, AlShaikh & Partners
For Professional Consulting**



**Abdullah M. AlAzem
License No. 335**

25 Ramadan 1444H (April 16, 2023)
Jeddah, Kingdom of Saudi Arabia

Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

(a) The following are the details of major related party transactions during the year ended 31 December 2022:

<u>Related party</u>	<u>Relation</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	<u>Terms of dealing</u>
			2022	
			SAR'000	
Bank AlJazira	(Founding Shareholder)	Gross premium written against the bank's personal finance protection document for the period from 07/10/2022 to 06/11/2023	25,432	Without any preferential conditions
		Gross premium written against the private real estate financing portfolio protection for the period from 07/10/2022 to 06/11/2023	32,908	Without any preferential conditions
		Gross premium written against the collective protection for bank employees for the period from 1/6/2022 to 30/06/2023	2,356	Without any preferential conditions

Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

Gross premium written against the loan protection for the bank's employees for the period from 1/6/2022 to 30/06/2023

555

Without any preferential conditions

Gross premium written against the Bankers Blanket Bond for the for the period from 15/4/2022 to 14/04/2023

6,300

Without any preferential conditions

Gross premium written against the Property All Risk cover Properties for the for the period from 16/4/2022 to 15/04/2023

286

Without any preferential conditions

Gross premium written against the Property All Risk cover for Mortgaged Properties for customers for the for the period from 16/4/2022 to 15/04/2023

1,906

Without any preferential conditions

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Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

	Gross premium written against the Property All Risk cover for Mortgaged Properties for Employees for the period from 16/4/2022 to 15/04/2023	57	Without any preferential conditions
	Claims paid	31,667	Without any preferential conditions
	Commission earned from deposits	1,565	Without any preferential conditions
	Dividends received	15	Without any preferential conditions
	Investment in equity shares	384	Without any preferential conditions
Total Bank Aljazira transactions		103,431	
<i>AlJazira Capital</i> (Founding Shareholder)	Profit earned on mutual funds	3,524	Without any preferential conditions
	Custodian Charges	380	Without any preferential conditions



Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

	Other income	11,401	Without any preferential conditions
Total AlJazira Capital Transactions		15,305	
	(Founding Shareholder)		Without any preferential conditions
Consolidated Brothers Company	Gross premium written against the Property All Risk cover for Commercial Building for the for the period from 01/01/2022 to 31/12/2022	20	
	Gross premium written Property All Risk cover for Complex for the for the period from 02/04/2022 to 01/04/2023	9	Without any preferential conditions
Total Consolidated Brothers Company Transactions		29	



Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

	(Associated Company)	Gross premium written Property All Risk cover for Sugar Factory for the for the period from 13/01/2022 to 12/01/2023		Without any preferential conditions
Durrah Advanced Development Company			2,396	
Total Durrah Advanced Development Company Transactions			2,396	
Sager Nadershah	Member of the Board of Directors	Gross premium written paid during 2022 for a 10-year protection and savings insurance policy	7	Without any preferential conditions
		Gross premium written paid during 2022 for a 5-year protection insurance policy	1	Without any preferential conditions
Khaled Al-Othman	Member of the Board of Directors	Gross premium written paid during 2022 for a 15-year protection and savings insurance policy	36	Without any preferential conditions



Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

<i>Ibrahim Abdulmohsen Mohammed Al- Sultan</i>	Father of Eng. Abdulmajeed Al-Sultan	Gross premium written Property All Property All Risk cover for Residential Complex for the for the period from 23/01/2022 to 22/01/2023	121	Without any preferential conditions
		Gross premium written Property All Property All Risk cover for Residential Complex for the for the period from 02/04/2022 to 01/04/2023	15	Without any preferential conditions
		Gross premium written Property All Risk cover for the for the period from 18/06/2022 to 17/06/2023	9	Without any preferential conditions
		Gross premium written Property All Risk cover for the for the period from 18/07/2022 to 17/07/2023	5	Without any preferential conditions
<i>Total Ibrahim Abdulmohsen Mohammed Al-Sultan Transactions</i>			150	
<i>Board of Directors</i>	Remuneration and Allowances		1,905	Without any preferential conditions

Supplement (1)

Aljazira Takaful Taawuni Company (Saudi Listed Company)

A list of the transactions and contracts in which the members of the Board of Directors have a personal interest in:

- With reference to the names of the related parties mentioned above and the nature of their transactions, the company intends to deal with them during 2023, with the same nature of transactions.
- The amount due from AlJazira Capital (Founding Shareholder) amounting to 2,807 thousand Saudi Riyals represents the balance of the investment account.
- The contributions due, which appear in the statement of financial position, include an amount of 64,646 thousand Saudi Riyals from Bank AlJazira "Founding Shareholder".
- The outstanding claims shown in the statement of financial position include 27,394 thousand Saudi Riyals for Bank AlJazira "Founding shareholder".
- The amount due from Solidarity Group Holding (Bahrain Shareholding Company), amounting to Nil Saudi Riyals, represents the expenses.

✓



Chairman of Board of Directors



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Signed by Board of Director

عبدالمجيد السلطان
Abdulmajeed Alsultan
Chairman

نايف العبدالكريم
Naif Al Abdulkareem
Vice-Chairman

خالد العثمان
Khalid AlOthman
Board Member

أشرف بيسيسو
Ashraf Bseisu
Board Member

نايف المسند
Naif Mesnad Al-Mesnad
Board Member

إبراهيم الحرابي
Ibrahim Al-Hurabi
Board Member

عبدالكريم النجيدى
Abdulkarim Al Nujaidi
Board Member

يحيى آل منصور
Yahya Al Mansour
Board Member

صقر نادرشاه
Sager Nadershah
Board Member

الجزيرة تكافل

AL JAZIRA TAKAFUL

