



Annual Report

2016

عناية السعودية
SAUDI ENAYA 



King Salman Bin Abdulaziz Al Saud
Custodian of the Two Holy Mosques



**Prince Mohammed Bin Naif
Bin Abdulaziz Al Saud**
Crown Prince, First Deputy Prime Minister
and Minister of Interior



**Prince Mohammed Bin Salman
Bin Abdulaziz Al Saud**
Deputy Crown Prince, Second Deputy
Prime Minister and Defence Minister



Chairman Message

Different challenges were ahead of us during 2016. It was a critical year for Saudi Enaya business that we believed by putting high effort and efficiency in place we will move forward. Our hard work managed our performance and led to good financial results for the company, since the establishment. In fact, the company succeeded in meeting objectives, overcoming challenges and enhancing the working process through several actions.

The major challenge during 2016 was to reduce the working capital from 400 million SAR to 200 million SAR, after getting the approval from the authorities and shareholders. The capital reduction did not affect our performance; indeed, we achieved our plan and increase our coverage by targeting specific segment in the market and retaining majority of our existing customers. GWP of 2016 was the highest since we commence our operation in 2013, 128.8 million SAR.

In addition to the success we made to our financial results of 2016, we successfully improved the internal system to be more automated. The new system aims to reduce time and increase the efficiency of transactions, internally and externally, between staff, suppliers, and customers. This new system helps moving and processing data faster by eliminating gaps and improves efficiency.

We aim to innovate and enhance the business transaction and reach; and in the coming year, more ideas and plans will take place and new tools will be used in covering the market and delivering information. Our services will be improved to go beyond the standard, and offering will be reclassified to match customers' preferences.

I am pleased to lead the group for more achievements. 2017 is another critical year for Saudi Enaya, our objectives are to keep attracting new clients, retaining our valued customers, targeting new segments, adapting new systems and technologies and monitoring our spending. No matter where our performance leads us, we always care about our clients and serve them in the same standard, as we used to; and improve their experience to enrich our partnership.

Our clients are our assets, we care for them and we believe in being the preferred health insurance in the kingdom of Saudi Arabia.

Faisal Farouq Tamer
Chairman

CEO Message

In 2013, SAUDI ENAYA commenced operations with a clear direction and mission to develop a leading and distinct health insurance brand.

During 2016 Saudi Enaya continued the process of creating a differentiated brand through delivering significant developments in operational capability combined with improved access via our Kingdom wide provider network.

Saudi Enaya, during 2016, reached new levels of business development with customer growth up over 93% from 2015 whilst maintaining the highest standards of customer service.

With Saudi Enaya as your partner you will enjoy excellent value medical insurance products delivered personally by dedicated and capable experts. We continue to invest in technology and service enhancement to keep pace with the rapid changes in the medical insurance industry within the Kingdom.

We thank our shareholders, regulators and customers for their support in making 2016 a memorable year.

Saudi Enaya, Your Health Insurer

Lee Charles Shurey
Chief Executive Officer

CFO Message

Saudi Enaya wrapped up 2016 with solid performance across the board. The company is positioned well to continue pursuing the ambitious goals it set for itself and is looking forward to further growth in market share and profitability as the plan moves forward.

At Enaya, we attempt to view shifts in the regulatory landscape as a potential opportunity to help our business move forward. In a world where knowledge is power, a company can gain a competitive edge by being able to recognize shifts in regulation early. By recognizing upcoming shifts in regulation, we were able to mitigate costs by shifting business operations well in advance of the new rules or by implementing compliance regimes gradually rather than at the last minute. 2016 was a year where many strategic initiatives were taken and successfully completed including the capital restructuring, changes in the IT infrastructure and changes in reinsurance strategy.

Looking at the financial metrics, the Gross Written Premiums (GWP) for 2016 reached the highest level in the Company's history of 128.8 million SAR, which represents 82% growth on last year and the earned premium grew by 135% year on year. The net loss ratios improved by 15% during the year, representing the continuous improvement in the quality of business. The general and administrative expenses were maintained at a similar level to last year and a significant improvement in the 'impairment against doubtful receivables' was also seen in spite of the rapid growth in challenging market conditions. Similarly the investment returns improved by 286% compared to last year. The overall result is a significant improvement on previous years and an outperformance of the current year budget.

When we pursue growth in GWP or market share in the right way, our premise is that it will lead to improved profitability. At Enaya, we have a disciplined process in which investments and solvency are managed. We also have a robust business planning process in which we review our strategies and investments, as well as risks and opportunities, in the context of our changing business environment which allows us to identify parts of our plans that need increased focus and ways to improve them.

Going forward, I will continue to work with Enaya's CEO and Board of Directors so that we can deliver exceptional results. 2017 and beyond, represents an opportunity to grow our business, both geographically and in terms of our products and technology. We will continue actions to sustain our free cash flow generation and to strengthen our balance sheet. Additionally, I will work with the management team to drive the achievement of benchmark efficiency throughout our value chain. This involves close cooperation among Enaya's BOD, CEO and its teams to establish business models with clear objectives that will ensure that we meet our medium and long term goals.

The strategies and objectives of our business plan are designed to significantly enhance shareholder value through business growth that drives higher revenue and profits as well as strong sustained free cash flow generation. In this way we will enhance enterprise value while at the same time maintaining a strong balance sheet.

Qasim Rashid
Chief Financial Officer

CMO Message

During 2016 Saudi Enaya's medical department continued to develop services for the benefit of our members. I am pleased to confirm that we expanded further our already extensive network across the Kingdom with the addition of key providers, pharmacists and opticians.

Additional investment was made into developing new IT services to support our network partners with the aim of speeding up the pre-approval process for the benefit and convenience of our members.

Looking forward into 2017 our objective is to develop Wellness and enhanced Disease Management programs focused upon improving the health and wellbeing of our members.

Dr. Essam Masoud
Chief Medical Officer



Board of Directors Report
Saudi Enaya Cooperative Insurance Company "Saudi Enaya"
For the 2016 Fiscal Year from 01/ 01/ 2016 to 31/ 12/ 2016 (12 months)

The Board of Directors "Board of Directors" of Saudi Enaya Cooperative Insurance Company (the "Company"/ "Saudi Enaya") is pleased to submit to the esteemed shareholders, the annual report, which covers the company's financial results and achievements, along with the audited financial statements and notes for the 12-month period, which ended on December 31, 2016. The report includes the most important developments, financial results, operating activities and disclosure, pursuant to the rules and regulations in the Kingdom of Saudi Arabia.

1

Main activities

Saudi Enaya Cooperative Insurance Company is a Saudi public company, listed on the Saudi Stock Exchange on 05/04/1433 H, corresponding to 27/02/2012 AD, and registered in the Kingdom of Saudi Arabia under commercial registration No. 4030223528, dated 27/03/1433 H, corresponding to 19/02/2012 AD.

Pursuant to the Law on Supervision of Cooperative Insurance Companies, and its provisions, as well as rules and regulations in the Kingdom of Saudi Arabia, the business of Saudi Enaya is cooperative health insurance, including reinsurance, procuration, representation, correspondence or brokerage. The company is entitled to conduct business operations required for the achievement of its goals, whether in the field of insurance or investment.

In accordance to Saudi Enaya's bylaw and articles of incorporation, the first fiscal year of the Company starts on the date of issuance of the ministerial decree announcing the inception of the Company; No. (98/ق), dated 16/03/1433 H, corresponding to 08/02/2012 AD, and ends on December 31 of the following year.

The financial statements for the past year, which cover a period of 12 months, starting from 01/01/2016 AD and ending on 31/12/2016, constitute the fourth such records of the financial activities and position of Saudi Enaya since its inception.

2

Approval of Saudi Arabian Monetary Agency to grant practice licence to Company

On 19/09/1436 H, corresponding to 06/07/2015 AD, Saudi Enaya received approval from the Saudi Arabian Monetary Agency (SAMA) to renew the Company's business licence for three years, ending on 18/09/1439 H, corresponding to 02/06/2018 AD. The Company also received permits to open a branch in the city of Riyadh, according to SAMA's letter no. 341000103587, dated 23/08/1434 H, corresponding to 02/07/2013 AD.

3

Approval of Cooperative Health Insurance Council on qualification of Company

On 28/10/1436 H, corresponding to 13/8/2015 AD, the Council of Cooperative Health Insurance (CCHI) approved qualification of Saudi Enaya for three years, ending on 27/10/1439 H, corresponding to 12/08/2018 AD. On 29/10/1437 H, corresponding to 03/08/2016 AD, Saudi Enaya received approval from the Council of Cooperative Health Insurance to renew qualification of the Company for one year, ending on 27/10/1438 H.

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Approval of Cooperative Health Insurance Council on qualification of Company

Saudi Enaya started its health insurance business and operations on 01/01/2013 AD. The Company exerted considerable efforts to manage and ensure the success of its departments, by implementing the regulations of regulatory authorities (SAMA, CCHI, Capital Market Authority – Tadawul) during 2016.

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Important plans and decisions during the period

- Saudi Enaya successfully implemented capital restructure to comply with article 150 of the commercial law.
- implemented a new system to provide enhanced efficiency.
- Reinsurance strategy revised and implemented.

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Future predictions and risks

During 2016 the accumulated losses and profitability were actively managed by the company management. Operational Risks associated with changing the company core system has been assessed and mitigated. The role of Quality Management is strongly activated in order to mitigate the risk of missing and insufficient policies and procedures. And due to the latest internet attacks on the Kingdom and the region, Information security and the risk of cyber-attacks are actively monitored and managed.

During 2016 The Risk Management Committee was formed and two committee meetings were held in 2016. The Risk Management Committee discussed on various aspects including the following:

- Risk Management roles & Responsibilities, expectations.
- Risk Management Framework development and implementation.
- Risk Appetite Statement development and implementation.
- Risk Limits / Tolerances development and implementation.
- Risk Management Policy.
- Risk Management Activities (RCSA – New Product Risk Assessment).
- Regulatory Requirements

The Risk Management Department and based on the risks analysis of 2015 has implemented some policies and procedures, control and methodologies in 2016 to mitigate those risks and their impacts on the business such as:

- Risk Management Policy
- Risk Appetite
- RCSA (Risk & Control Self-Assessment)
- New Product / Services Risk Assessment

Also, two Risk Management Courses have been developed and implemented (Introduction – Advanced), around 90% of the employees have been attended to develop and enhance their knowledge in regards to Risk Management and to implement Risk Management related policies and procedures within their business units.

In 2017 Risk Management will be focusing on Operational Risks and their controls.

Statement of financial position (As of December 31, 2016)

Insurance operations assets	2016	2015
	SAR '000	SAR '000
Cash and cash equivalents	5,954	903
Premiums receivable, net	50,861	21,934
Amounts due from shareholders	23,994	17,405
Reinsurance receivable	14,173	4,766
Reinsurers' share of unearned premiums	9,424	13,625
Reinsurers' share of outstanding claims	11,438	7,146
Deferred policy acquisition cost	2,511	1,359
Prepayments and other assets	2,806	2,390
Intangible assets	3,302	6,484
Furniture, fittings and office equipment	1,366	2,461
Total insurance operations assets	125,829	78,473

Shareholders' assets	2016	2015
	SAR '000	SAR '000
Cash and cash equivalents	92,706	58,110
Murabaha deposits	43,810	54,700
Investments	34,992	69,866
Prepayments and other assets	2,536	1,112
Statutory deposits	30,000	40,000
Total shareholders' assets	204,044	223,788
Total assets	329,873	302,261

Liabilities of insurance operations

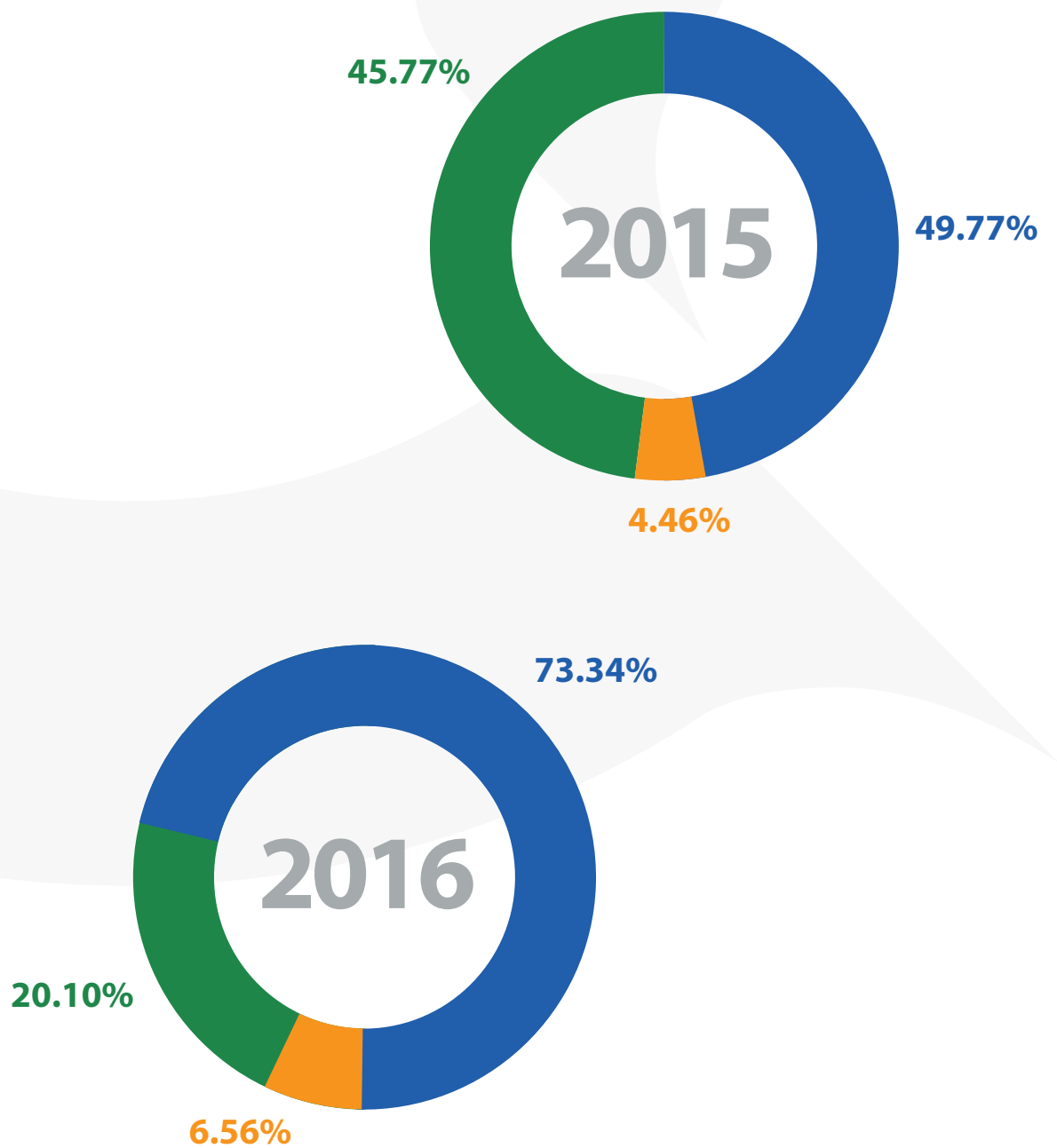
Insurance operations liabilities	2016	2015
	SAR '000	SAR '000
Unearned premiums	64,740	34,312
Outstanding claims and other technical reserves	27,420	17,559
Reinsurance balance payable	17,509	14,257
Accrued expenses and other liabilities	16,160	12,345
Total insurance operations liabilities	125,829	78,473

Shareholders' liabilities	2016	2015
	SAR '000	SAR '000
Accrued expenses and other liabilities	1,604	1,252
Zakat payable	6,699	4,860
Amounts due to insurance operations	23,994	17,405
Total shareholders' liabilities	32,297	23,517

Shareholders' equity	2016	2015
	SAR '000	SAR '000
Capital	200,000	400,000
Accumulated losses	(28,253)	(199,729)
Total shareholders' equity	171,747	200,271
Total shareholders' liabilities and equity	204,044	223,788
Total liabilities	329,873	302,261

Geographical analysis of total subscriber installment as at 31st of December, 2016

Description (all amounts in SAR '000)	2016	2015
	(12 months)	(12 months)
Central Region	25,895	32,465
Eastern Region	8,454	3,168
Western Region	94,476	35,300
Total Gross Written Premiums (GWP)	128,825	70,933



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Summary of insurance operations and shareholders' operations

Summary of comparative results	31 Dec 2016	31 Dec 2015
	SAR'000	SAR'000
Gross written premiums	128,825	70,933
Net premiums earned	62,397	26,586
Gross paid claims	(57,230)	(26,650)
Net incurred claims	(33,888)	(20,362)
Net underwriting results	19,434	2,792
Other income	14	446
Total general & admin and selling & distribution expenses	(48,075)	(50,763)
Deficit from insurance operations	(28,627)	(47,525)
Total shareholders' general and admin expenses	(2,159)	(1,798)
Shareholders' investment income/(loss)	4,962	(2,673)
Net loss for period before Zakat	(25,824)	(51,996)
Loss per share (in Saudi Riyals)	(1.29)	(2.6)

In 2016, the gross written premiums have been significantly improved by 82% compared to the previous year, due to an improved sales strategy and various other initiatives taken by the Company.

Deficit from operations has been improved in 2016 as compared to 2015, primarily due to growth in business, which is triggered to net earned premiums, reduction in general & admin and selling & distribution expenses and reduction in provisions for doubtful debts as a result of better collections.

In addition to that investment income has been improved by 286% comparing 2015.

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Accounting principles

The company prepares the financial statements, presented in accordance with the International Accounting Standards (IAS), not according to the accounting principles of the Saudi organization for Certified Public Accountants (SOCPA). The Company stresses that there are no significant differences or financial impact on the financial statements, as they were prepared in accordance with international principles, not Saudi ones.

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Subsidiaries of Saudi Enaya

The Company does not have any subsidiary in or outside of the Kingdom of Saudi Arabia.

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Details of shares and debt instruments, issued for each subsidiary of Saudi Enaya

The Company does not have any subsidiaries in or outside of the Kingdom of Saudi Arabia. Accordingly, there are no shares and debt instruments issued by any subsidiary of the Company.

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Company's policy in distribution of profits

Distribution of profits to shareholders is stipulated in Article (44) of the Articles of Association of the Company as follows:

- Retention of Zakat and approved income tax.
- Retention of 20 percent of net profit to create a statutory reserve. The ordinary general assembly may stop this retention when the reserve reaches the total paid-up capital.
- The ordinary general assembly, at the suggestion of the Board of Directors, may retain a percentage of net annual profits to create an additional reserve and allocate it for purposes decided by the general assembly.
- Part of the remainder is deducted to distribute profits to shareholders, not exceeding five percent of the paid-up capital.
- The rest is distributed to shareholders as a profit share, or is transferred to the retained earnings account.
- The Board of Directors may decide to deduct periodic earnings from annual profits specified in paragraph (iv), in accordance with regulatory rules of competent authorities.

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Description of any interest in the shares category, eligible for vote and belonging to persons

There are no shares in the voting stock class owned by any individual.

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Description of any interest, contractual securities and subscription rights that belong to members of Board of Directors and senior executives, in addition to their spouses and minor children, in shares or debt instruments of the company or any of its subsidiaries and any change in this interest or those rights during the fiscal year

The table below shows shares owned by Board members and senior executives, as well as their spouses and minor children, including shares needed to guarantee Board membership, noting that the Company did not issue or grant any debt instruments.

Shares and debt instruments held by Board members, their spouses and minor children in the Company or any of its subsidiaries

Name	Beginning of year		End of year		Net change	Change percentage
	Shares	Debt instruments	Shares	Debt instruments	Shares	Shares
Ms. Al-Dana Al-Juffali	800,000	-	400,000	-	400,000	50
Mr. Rami Khalid Ali Al Turki	400,000	-	200,000	-	200,000	50
Mr. Faisal Farouq Tamer	1,000	-	500	-	500	50
Dr. Bilal Talal Ghazzawi	1,000	-	500	-	500	50
Dr. Andrew Kielty	-	-	-	-	-	-
Dr. Michael Bitzer	-	-	-	-	-	-

- The Munich Re Company reserved 2,000 shares at the CMA as a Board membership guarantee, under the names of their Board representatives, Mr. Christian Schneider and Dr. Michael Pitzer.
- The adjustment in the number of shares at the end of the year is due to the reduction of capital in October 18, 2016.

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Information on loans, payable by Company

The Company did not take any loans during the period.

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Description of categories and numbers of any debt instruments, convertible to shares or any contractual securities or subscribing right memos, issued or granted by Saudi Enaya

The Company did not issue or grant any debt instruments convertible into shares, any contractual securities, subscription right memos or similar rights during the period.

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Description of any conversion or subscription rights, under the debt instruments, convertible into shares, contractual securities or subscription right memos, issued or granted by Saudi Enaya

The Company did not issue or grant any debt instruments convertible into shares, any contractual securities, subscription right memos or similar rights during the period.

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Description of any refund, purchase or cancellation from the Company of any refundable debt instruments

The Company did not issue or grant any refundable debt instruments during the period.

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Number of Board meetings and attendance record

Name of board members	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting
	26/01/2016	12/04/2016	19/06/2016	13/10/2016	05/12/2016
Mr. Faisal Farouq Tamer	✓	✓	✓	✓	✓
Mr. Rami Khalid Al-Turki	✓	✓	X	X	X
Mr. Andrew Kielty	✓	✓	✓	✓	✓
Dr. Belal Talal Ghazawi	✓	✓	✓	✓	✓
Dr. Michael Johan Bitzer	✓	X	✓	✓	✓
Ms. Al-Dana Al-Juffali	Not Appointed	✓	✓	✓	✓

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Insurance contracts with related parties

The company signed health insurance contracts with a number of companies in which the members of the Board of Directors have interests in.

And Saudi Enaya emphasizes that all contracts are priced on a commercial basis, in accordance with the pricing procedures, followed by the company and approved by the Board of Directors. Saudi Enaya also confirms that all contracts do not involve any particular arrangements, with respect to any additional special benefits. And the Board members are not entitled to receive any support or services that are different from those the company provides for any of the company's other clients. The subscribed instalments were clarified, in addition to paid compensations, related to insurance contracts, in the note on transactions with related parties in detailed notes, accompanying financial statements.

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Other contracts and transaction with related parties

1. The company contracted during the financial period with MedNet International company, owned 100% by Munich Re for a period of one year, the incident based support services of computer systems for the amount of 3,800 Saudi riyals per day upon request. Total value of the contract served over a period of one year is SR 24,130 Saudi Riyals. (Member who has a direct or indirect interest is: Andrew Kielty, a member of the Board of Directors).
2. The company contracted during the financial period with Saudi company, the Saudi Limited Company for Electronic Computers (SBM), owned by 100% by Juffali Ibrahim Company for a period of one year, to provide computer services and IT services. The value of annual contracts with the company reached a total amount of (SR 431,244) during the financial period. (Member who has a direct or indirect interest is Ms. Al Dana Khalid Juffali).
3. The company contract during the financial period with Munich Re Malta continued for nine months till 30th September, 2016, owned 100% by Munich Re, to provide reinsurance services to the company in accordance with the reinsurance agreement, concluded with 50% in claims and subscriptions (Member who has a direct or indirect interest is: Andrew Kielty).
4. The company contracted with Juffali Ibrahim Bros. to rent an office in Dammam for the total value of annual contract of 30,000 Saudi riyals for a period of one year to serve the purposes of the company's expansion in the future. (Member who has a direct or indirect interest is: Ms. Al Dana Khalid Juffali).

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Waiver of a member of Board or a senior executive for any salary or compensation

The members of Board of Directors unanimously agreed to waive the fees, allocated to them for 2016, amounting to SR 180,000 for the Chairman and SR 120,000 for each Board member, as the company is in the early operating stages. And the Board decided to waive its annual remuneration for its current session.

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Waiver of any rights in profits for a shareholder

There are no waiver agreements or arrangement under which, the company's shareholders waived any rights in the profits.

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Compulsory payments

During the period, the company reimbursed the due payments and amounts to the different regulatory authorities in the Kingdom of Saudi Arabia, as detailed below:

Schedule of compulsory payments:

Statement	Due and reimbursed payments as at 31 Dec, 2016	Balance Due as at 31 December, 2016
	SAR '000	SAR '000
Zakat and income tax	861	6,699
Supervision and control costs "SAMA"	492	308
General Organization for Social Insurance	2,049	175
Supervision fees "Cooperative Health Insurance Council"	1,602	395
Tadawul	300	-
Total	5,304	7,577

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Investments and funds created for benefit of employees

There are no investments or funds that were created for the benefit of the company's employees.

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Acknowledgments for the following

- Accounting records are properly prepared.
- Internal control system is prepared on a sound footing and effectively implemented.
- There is no doubt about the source's ability to continue its activities.

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Auditors' report

The auditors' report did not include any legal reservations on the financial statements for the entire period ended 31/12/2016, noting that the auditors pointed out in his report that the financial statements were prepared in accordance with international accounting standards, not according to the Saudi Organization of Certified Public Accountants (SOCPA).

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Replacement of auditors

The Shareholders' of the Company chose to rotate the auditors' during the year, and appoint Al-Bassam & Al-Nemer and Al-Naim as external auditors'.

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Additional disclosures disclosure by statutory regulations**Corporate governance**

Pursuant to Corporate Governance Regulations, issued by CMA Board Resolution No. 1-10-2010, dated 30/03/1431 H, corresponding to 16/03/2010 AD, the Board of Directors is pleased to clarify in the table below articles of Corporate Governance Regulations that the Company complied with:

Article	Paragraph	Implemented	Unimplemented	Partially implemented	Justification
3	General rights of shareholders	✓			
4	Facilitation of shareholders' exercise of rights and access to information	✓			
5	Shareholder general assembly rights	✓			
5/A	A General Assembly shall convene once a year at least within the six months following the end of the company's fiscal year.	✓			
5/B	The General Assembly shall convene upon a request of the Board of Directors.	✓			
5/C	Date, place, and agenda of the General Assembly shall be specified and announced by a notice, at least 20 days prior to the date the meeting...	✓			

Article	Paragraph	Implemented	Unimplemented	Partially implemented	Justification
5/D	Shareholders shall be allowed the opportunity to effectively participate and vote in the General Assembly; they shall be informed about the rules governing the meetings and the voting procedure.	✓			
5/J	The stock exchange shall be immediately informed of the results of the General Assembly.	✓			
6/A	Voting is deemed to be a fundamental right of a shareholder, which shall not, in any way, be denied.	✓			
6/B	In voting in the General Assembly for the nomination to the board members, the accumulative voting method shall be applied.		✓		The voting system at ordinary and extraordinary general assembly meetings is based on the one-person, one-vote rule, according to the bylaw of the Company.
6/C	A shareholder may, in writing, appoint any other shareholder who is not a board member and who is not an employee of the company to attend the General Assembly on his behalf.	✓			
6/D	Investors who are judicial persons and who act on behalf of others - e.g. investment funds - shall disclose in their annual reports, voting policies, actual voting, and ways of dealing with any material conflict of interests that may affect the practice of the fundamental rights in relation to their investments.	✓			
7/A	The Board of Directors shall lay down a clear policy regarding dividends, in a manner that may realize the interests of shareholders and those of the company...	✓			
7/B	The General Assembly shall approve the dividends and the date of distribution.		✓		
8	Policies and procedure related to disclosure	✓			
9	Disclosure in the Board of Directors' Report	✓			
10/A	Approving strategic plans and main objectives of the company...	✓			
10/B	Lay down rules for internal control systems and supervising them.	✓			
10/C	Drafting a corporate governance code for the company...	✓			

Article	Paragraph	Implemented	Unimplemented	Partially implemented	Justification
10/D	Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors...	✓			
10/E	Outlining a written policy that regulate the relationship with stakeholders...	✓			
10/F	Deciding policies and procedures to ensure the company's compliance with the laws and regulations...	✓			
11	Responsibilities of the Board	✓			
12	Formation of the Board	✓			
13	Committees of the Board	✓			
14	Audit Committee	✓			
15	Nomination and Remuneration Committee	✓			
16	Meetings of the Board	✓			
17	Remuneration and Indemnification of Board Members	✓			
18/A	A Board member shall not, without a prior authorization from the General Assembly, to be renewed each year, have any interest (whether directly or indirectly) in the company's business and contracts.	✓			
18/B	A Board member shall not, without a prior authorization of the General Assembly, to be renewed annually, participate in any activity which may likely compete with the activities of the company, or trade in any branch of the activities carried out by the company.	✓			
18/C	The company shall not grant cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties, excluding banks and other fiduciary companies.	✓			

Composition of Board of Directors, classification of its members and names of shareholding companies in which, Board member can be a Board member of these companies

The following table lists shareholding companies, whose boards group Saudi Enaya Board members:

Name of Board Member	Description of the Position	Position	Other Companies that enrolled as board member
Mr. Faisal Farouq Tamer	Independent Board Member	Chairman	<ul style="list-style-type: none"> · Farouq & Ma'mon Tamer Company · Saudi Japanese Pharamceutical Products Ltd. Co. · Arabio Co. · Tamer Group Companies · Sukoon International Company · Gulf Union Company for Medical Care · Italian Meals Company · Internatioanl Medical Center · Laxuries Elegances Company
Mr. Rami Khalid Al Turki	None - Executive Board Member	Member	<ul style="list-style-type: none"> · Nesma and Partners Co. Ltd. · National Petrolume Services · Saudi Juman Company for Industrial Investment · Samara Company · Arkaz Company · Saudi Exova Company · Enma Steel Company · Khalid Al Turki and Sons Company · Saudi Readymix
Dr. Bilal Talal Ghazawi	Independent Board Member	Member	Al Ghazawi Group Companies
Mr. Andrew Kiilty	None - Executive Board Member	Member	<ul style="list-style-type: none"> · DKV Seguros y Reaseguros S.A.E. - Spain · Globality S.A. - Luxembourg · Storebrand Helse - Norway · Apollo Munich Health Insurance – India · Daman National Health Insurance - UAE · Daman Health Insurance - Qatar · Munich Health Daman Holding - UAE
Dr. Michael Johan Bitzer	None - Executive Board Member	Member	N/A
Ms. Al Dana Al Juffali	None - Executive Board Member	Member	N/A

Committees of Board: (Audit Committee, Nomination and Remuneration Committee, Executive Committee, Investment Committee)

32.1 - Audit Committee

Duties and responsibilities	Members	Meetings
<ul style="list-style-type: none"> · Approve the appointment or re-appointment of external auditors. · Review audit plan and audit of internal and external auditors, submitting recommendations to the Board of Directors. · Review accounting policies, procedures and change, submitting recommendations to Board of Directors on how sound these policies are in relation to nature of the Company. · Evaluate financial reports, issued by the Company, as well as the nature of the process. · Review actuary expert reports, submitting recommendations to the Board of Directors. · Examine reports issued by competent supervisory bodies, as well as guidelines approved by the International Association of Insurance Supervisors, making recommendations to the Board of Directors. · Review and approve annual and interim financial statements, submitting reports and recommendations directly to the Board to take action and make necessary decisions. · Assess internal control systems and risk management, including their budgets. · Evaluate the extent to which the management responds to observations made by internal and external auditors. · Annually evaluate performance of the legal accountant performance, submitting recommendations to the Board of Directors on the accountant's appointment, re-appointment, or termination of employment. 	<ul style="list-style-type: none"> · Dr. Belal Talal Ghazawi, chairman. · Mr. Khalid Bakhsh, member. · Mr. Wissi Stansel Aslan, member. 	4

32.2 - Nomination and Remuneration Committee

Duties and responsibilities	Members	Meetings
<ul style="list-style-type: none"> · Annually review suitability, qualification, and skill requirements for Board membership. · Prepare a description of required core competencies and qualifications of Board members, and specify working time these directors should devote to conduct Board business. · Review Board structure, recommend necessary changes, identify weaknesses and strengths, and suggest remedies for problems in line with interests of the Company. · Set standards to ensure independence of Board members and that no conflict of interest arises if these directors are on the boards of other companies. · Develop a policy on remuneration and incentives for Board members, managing director, CFO and CEO of the Company. · Organize and assess performance and efforts of every Board member as well as CFO to ensure that they comply with the strategic goals of the Company. 	<ul style="list-style-type: none"> · Mr. Rami Khalid Al Turki, chairman. · Dr. Belal Talal Ghazawi, member. · Dr. Michael Johan Bitzer, member. · Mr. Faisal Farouq Tamer, member. · Ms. Al Dana Al Juffali, member. 	3

32.3 - Executive Committee

Duties and responsibilities	Members	Meetings
<ul style="list-style-type: none">· Study financial performance of the Company, and approve budgets and discretionary financial statements, capital and investment expenditure, as well as annual and quarterly work plan, submitting recommendations to the Board of Directors.· Perform any duty authorized by the Board, and provide assistance to the Chairman.· Studying plans for partnerships, establishing new companies and projects, and acquisition of firms, submitting recommendations to Board.· Examine and make decisions on urgent matters and unforeseen developments.· Ensure that devised strategies meet the goals of the Company, and prepare and review long-term financial strategies, submitting recommendations to Board.· Prepare and review proposals and make recommendations to the Board on company businesses and how the impact the future of the firm as well as the quality of services.	<ul style="list-style-type: none">· Mr. Faisal Farouq Tamer, chairman.· Dr. Michael Bitzer, member.· Mr. Lee Shurey, member.· Mr. Andrew Kielty, member.	5

32.4 - Investment Committee

Duties and responsibilities	Members	Meetings
<ul style="list-style-type: none">· Oversee investment activities of the Company.· Ensure that needs and requirements of the Company are managed professionally.· Ensure that the Company complies with rules and regulations.· Help the Company control and manage risks.· Set investment policies, making recommendations to Board of Directors.· Oversee the implementation of investment policies.	<ul style="list-style-type: none">· Mr. Andrew Kielty, chairman.· Mr. Lee Shurey, member.· Mr. Qasim Rashid, member.	3

32.5 - Risk Committee

Duties and responsibilities	Members	Meetings
<ul style="list-style-type: none">· Oversee investment activities of the Company.· Ensure that needs and requirements of the Company are managed professionally.· Ensure that the Company complies with rules and regulations.· Help the Company control and manage risks.· Set investment policies, making recommendations to Board of Directors.· Oversee the implementation of investment policies.	<ul style="list-style-type: none">· Dr. Michael Bitzer, chairman.· Mr. Lee Shurey, member.· Mr. Qasim Rashid, member.	2

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Bonuses and rewards of Board members and senior executives

The following is a statement of salaries, compensation, allowances and annual bonuses earned by members of Board of Directors and top three senior executives of the company during the period from 01/01/2016 to 31/12/2016:

Statement	Members of Board	Top Three senior executives of company
	Thousand Saudi riyals	Thousand Saudi riyals
Salaries and compensation	-	3,410
Allowances	-	
Annual bonuses	-	550
Long term incentive plan or end of service gratuity	-	142
Other in kind benefits	-	-
Total	0	4,102

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Compulsory penalties

There are penalties of SR 65,126 for the company during 2016.

Violation	Penalty
The company disclosed incorrect information in its announcement published in Saudi stock exchange (Tadawul) website regarding its interim financial results for the period ending on 31/12/2015 (twelve months) and related to the comparison between the net profit on fourth quarter with the third quarter of 2015. The company later corrected the information in an announcement on 20/01/2016	30,000
The Company did not comply with setting up an Audit committee with members not less than three non-executive board members	30,000
Delay in submitting the withholding tax to the department of Al Zakat and income tax	5,126

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Annual review results of effectiveness of internal control procedures

According to the annual internal audit plan, approved by the Audit Committee, the internal audit department reports regularly to the Audit Committee on the ongoing process of operational, administrative and financial audit. The process aims to verify the effectiveness of internal control systems in protecting assets of the Company, assess business risks, measure the efficiency and adequacy of performance, implement corrective measures, and report on progress. The 2016 inspection of operations conducted by the internal control team did not show any substantial weaknesses in the internal control systems. Nevertheless, the comprehensiveness of evaluating internal control measures is not absolute because these measures are based on random -- not systematic -- samples and cases. Therefore, the committee and internal control team are exerting ongoing efforts to improve and develop internal control measures and procedures.

of the company, where the observations mainly are concerned with the areas of performance improvement and activation of operational departments and raise their efficiency and coordination of complementary relationships between these bodies, in addition to completing documentation of their procedures in order to bring more efficiency to the system of internal controls in the company and exploitation of the resources available to the best use. The external auditor carries out the process of evaluation of this system within an important review of closure financial statements of the company and enabling him to access all records of the Audit Committee and reports of the internal audit department for the financial period under audit. The internal audit department carried out the functions of audit and examination for the following departments during 2015, the company has confirmed that internal control procedures were effective. There are no comments.

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Internal control system and its effectiveness

The company asserts that internal control systems are sound, effective, and efficient.

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Keeping accounting records

In accordance with the requirements of controls and safety systems in Saudi Arabia, the company acknowledges that it has kept separate accounting records for the insurance operations and operations of shareholders. The company also recognizes that it keeps proper accounting records for the fiscal year.

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Continuity of operations

The company asserts its ability to continue its operations without any obstacles.

Conclusion

The Board of Directors is pleased to extend its thanks and appreciation to shareholders of Saudi Enaya Cooperative Insurance Company, as well as the management and employees for efforts to ensure the success of the firm company.

In conclusion, the Board of Directors would like to thank all clients for their trust and eagerness to develop stronger relations with the company through its products and services. We are confident that such accomplishments will boost the performance of Saudi Enaya in 2017 and help the Company meet its strategic goals and achieve greater successes.