

Gulf General Cooperative Insurance Company
Eye On The Future

Minutes of the Ordinary General Assembly Meeting of the Shareholders of Gulf General
Cooperative Insurance Co.

Held on Wednesday, 16/10/1440 AH corresponding to 19/06/2019 AD

Based on the invitation of the Board of Directors of Gulf General Cooperative Insurance Co. addressed to the Company's shareholders to attend the Ordinary General Assembly meeting, which was announced on the website of the Saudi Stock Exchange "Tadawul" on Ramadan 17, 1440 AH corresponding to 22/05/2019 AD.

Accordingly, the meeting was held at Radisson Blu Hotel, Al Mubarakiya Hall, Jeddah, at 7:30 pm. The meeting was chaired by Mr. Jamal Abdullah AlDabbagh, Chairman of the Board of Directors and in the presence of each of the following Board members:

1. Mr. Mohammadzاهر Salahuddin Almunajjed;
2. Mr. Majed Diaaaddin Kareem;
3. Dr. Faisal Adnan Baassiri;
4. Mr. Taher Mohammed Omar Agueel;

The following Board of Directors members apologized for not attending the Assembly meeting:

1. Mr. Saud Abdulaziz AlSulaiman;
2. Mr. Mohamed Husnee Jazeel
3. Mr. Jawdat Musa AlHalabi
4. Mr. Karim Ziad Idilby

The meeting was also attended by the present chairmen of committee or their representatives:

1. Mr. Jamal Abdullah AlDabbagh (Chairman of the Executive Committee)
2. Mr. Majed Diaaaddin Kareem (Chairman of the Risk Management Committee)
3. Dr. Faisal Adnan Baassiri (Chairman of the Nomination and Remuneration Committee)
4. Mr. Taher Mohammed Omar Agueel (Deputy Chairman of the Investment Committee)
5. Mr. Khaled Abdulaziz Al-Hoshan (Deputy Chairman of the Audit Committee)

Mr. Adel bin Aid bin Ali Al-Maliki attended as a representative of the Capital Market Authority.



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The representative of auditors, Mr. Muhammad Al-Ayouti, on behalf of M/s El Sayed El Ayouty & Co Office, and Mr. Ayman Ahmed Tayseer Ibrahim, on behalf of M/s Ahmed Tayseeh Ibrahim & Co. Office also attended.



At 7:05 pm, the Chairman of the Assembly welcomed the attendees and announced the holding of the (first meeting) of the Ordinary General Assembly. Holding the meeting of the General Assembly of the Company was delayed until 07:00 pm due to a technical error in receiving the names of the shareholders and investors from the Shares Depository Center. The Ordinary General Assembly was held as the percentage of shareholders attendance exceeded the legal quorum required for holding the Assembly. The information of the present shareholders are as follows:

Information of the Present Shareholders	Number of Shareholders	Number of Shares	Percentage
Voting automatically (remotely)	36	597,352	2,99%
Shareholders present in person	12	6,977,598	34,89%
Shareholders present by proxy	00	0	0,00%
Total	48	7,574,950	37,87%

Thus, the holding of the Assembly is valid in accordance with the Companies Law and the Company's Articles of Association.

The Chairman of the Assembly stated that Mr. Nethar AbdelHai was appointed as secretary of the Assembly, and the members of the Votes Audit and Count Committee, consisted of Mrs. Dina Al-Fadhli and Mr. Muhammad Hassan Wajih Bagnid, were also selected and approved by the shareholders.

After that, the agenda of the Extraordinary General Assembly was read out before the shareholders and attendees. Then the Chairman of the Assembly asked the representative of the auditors to read a report "Limited and Independent Confirmation" before the Company's shareholders. He expressed his readiness to answer any inquiries. After reading the report, the shareholders submitted their questions and inquiries as follows:

Q1: In the report of the independent auditors and in the section on the main audit axes, it was mentioned that there are possibilities of unexpected negative developments. Why was this formula in which there is a strong reservation mentioned, and the reported and unreported amounts were not mentioned?

A1: The auditor answered that these assumptions depend on the report of the actuarial expert and according to the notification of the claims. This is a template used in writing the main review axes. He clarified that the report includes procedures they have taken and future measures that may be taken, but are not known and therefore are not announced.

Q2: Has the goodwill been re-evaluated to know whether the amount of 36 million Saudi riyals is equal to this value or less? Is there a possibility of refunding the amount?

A2: The auditor replied that the goodwill in the past year was not impaired, and the business results may be an indicator of decline, and it is necessary to know if the existence of losses is something urgent or continuous. If the losses continue in 2019, the management must reduce the amount of goodwill.

Q3: Why are the administrative expenses not reduced, since they increased in 2018?

A3: The CEO replied that the expenses in 2018 were inverse amounts of some of the expenses registered in previous years (about 8 million Saudi riyals), that in order to compare it with the expenses of 2017 accurately, the amount of 8 million must be calculated within the expenses of 2017, and that in order for the Company to increase the sales, it shall invest in infrastructure and customer service. There are also mandatory regulatory requirements that require investment therein, which contribute to increasing expenses.

Q4: Why did the Company contribute to social responsibility despite the presence of losses?

A4: The CEO replied that social responsibility is a joint responsibility and the duty of every company working in the Kingdom of Saudi Arabia and working under the umbrella of the Ministry of Finance to contribute to society, and that the amount donated to the Association of Disabled Children was not a large amount.

Q5: Why is the number of employees not reduced. Why not move towards electronic services?

A5: The CEO replied that moving towards electronic sales services requires expenses and building capacities, as well as time to operate and prove its efficiency, and then reducing the number of employees, that The Company also achieved a Saudization percentage of 72%, and because Saudi competencies are few in the field of insurance, the appointment of Saudi employees needs training expenses so that they can provide a distinguished service.

Q6: The auditor's report contains complex statements and many incomprehensible terms. Why does the auditor not explain and simplify the report instead of reading out?

A6: The auditor replied that the insurance sector is a sector difficult to understand it and the reports were prepared in accordance with international standards and Saudi Arabian Monetary Authority instructions. As for any explanation or delivery, it may be obtained in order to obtain the data that can be added in the annual report. Member of the Board of Directors, Mr. Majid Kareem, added that there are regulations that require the auditor to read the report out loud.

Q7: Why were fines imposed on the Company due to non-payment of Zakat?



A7: The auditor explained that there is an explanation clearing the details of the Zakat and the imposed fines, as well as the Company's objection in the financial statements in the notes regarding Zakat position, page 41, paragraph 18.2. The member of the Board of Directors, Mr. Majed Kareem added, explaining thus - In 2015, the Zakat Authority inspected and applied certain methods in its inspection and found that there is a certain treatment that must take place and in a certain way, and the calculation of withholding taxes and zakat. The company decided, after the Audit Committee's recommendation, to pay the amount and then object to that.

Q8: Are profits received from the regular deposit with the Saudi Arabian Monetary Authority?

A8: The CEO replied that no dividends are received from the statutory deposit.

Q9: The speech of the Chairman of the Board of Directors at the introduction to the annual report is wonderful, but it shows that there is an increase in the insurance premiums written by 42.5% over last year, which gives the impression that the company has achieved profits, but the shareholder is surprised that there are losses amounting to 20% of the capital. What is your comment?

A9: The CEO replied that what is being sold today in the field of insurance is not counted as a direct profit in anticipation of any expected claims. Therefore, the profit is calculated with the expiry of the insurance coverage period of the policy, deducting any claims and reflecting any related provisions.

Q10: Why did employee costs increase in 2018?

A10: The CEO replied that these costs are considered operational costs and the Board of Directors of the company, and the executive management believe that these costs are in line with the requirements of growth. In addition, Saudization has costs because it needs training and development.

Q11: Why did the Company not set a provision for Zakat?

A11: The CEO replied that no provision for Zakat was made because the Company had paid Zakat in order to stop the fines.

Q12: Why do the members of the Board of Directors not waive their remuneration for the year 2018 AD?

A12: The Chairman of the Board of Directors replied that the members of the Board make effort and time to run the Company's business and carry out continuous follow-up with the executive management, as these rewards are in return for the effort and time that is spent.

Q13: Why did the technical reserve increase for the year 2018 AD?

A13: The CEO replied that in the event of an increase in sales, the actuary takes a young reserve to protect the shareholders and policyholders from any possible occurrence in the future, and after a year has passed, and in the event that it is not depreciated, it will either reverse part of it or increase it.

Q14: Is there a clear strategic plan for the Company?

A14: The CEO replied that there is a clear strategy for the Company, and it was reviewed and approved by the Board of Directors, as well as submitted by the Saudi Arabian Monetary Authority as part of the requirements for renewing the Company's license.

Q15: Why were incentives paid to senior employees, even though the Company achieved losses?

A15: The CEO and the auditor replied that this clause referred to is a clause related to the salaries of five senior employees and no incentives were paid in 2018.

After this was completed, the chairman of the Assembly requested that the auditors' representatives leave the session to complete the discussion of the agenda clauses.

After that, the Chairman of the Audit Committee, Mr. Khalid bin Abdulaziz Al-Hoshan, read out the report of the Audit Committee of the Ordinary General Assembly.

The auditors who submitted their offers were reviewed for examining, reviewing and auditing the financial statements for the second and third quarters and annual of the fiscal year 2019 AD and the first quarter of the fiscal year 2020 AD, and determining their fees.

After that, the Chairman of the Assembly asked the shareholders to cast their votes on the agenda clauses in the voting cards that were distributed to them. After the shareholders completed the voting process, the members of Votes Collection and Count Committee collected the voting cards from the present shareholders and counted them with the participation of the Assembly secretary. Accordingly, the voting results were counted, and the minutes attached to the voting results were prepared. The results of voting for the Assembly items were as follows:

Assembly clauses			
Clause statement	Approvers	Non-approvers	Abstainers
Clause (1) Voting on what was stated in the Board of Directors' report for the period ending on 31/12/2018 AD.	7,020,492 92.68%	554,448 7.32%	10 0.00%
Clause (2)	6,984,215	590,725	10



Voting on the Company's auditors' report for the fiscal year 31/12/2018 AD.	92.20%	7.80%	0.00%
Clause (3) Voting on the financial statements for the fiscal year ended 31/12/2018 AD.	6,976,665 92.10%	598,275 7.90%	10 0.00%
Clause (4) Voting on the appointment of the Company's auditors from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second, third, fourth and annual fiscal year 2019 and the first quarter of 2020, and determine their fees.	7,027,972 92.78%	546,202 7.21%	776 0.01%
Clause (5) Vote on the business and contracts that will be carried out with (AlDabbagh Group), which is represented in the insurance premiums for his subscriber, and since the Chairman of the Board of Directors, Mr. Jamal Abdullah AlDabbagh, has an indirect interest in it as the owner of this group and license it for the next year. Note that the transactions that occurred in 2018 were written insurance premiums of SAR 8,175,000, and there are no preferential terms for these contracts.	7,087,037 93.57%	486,137 6.42%	776 0.01%
Clause (6) Vote on the business and contracts that will be carried out with (Rolaco Group) represented in the insurance premiums for his office, as the member of the Board of Directors, Mr. Saud bin Abdulaziz Al-Sulaiman, has an indirect interest in them as the owner of this group and to license it for the next year, knowing that the transactions that took place In 2018, the written premiums were SAR 702,000, and there are no preferential terms for these contracts.	7,088,037 93.57%	486,137 6.42%	776 0.01%
Clause (7) Voting to absolve the members of the Board of Directors for their actions during the year 2018	6,702,991 91.56%	616,868 8.43%	1,091 0.01%



Note: Board members present are not entitled to vote on this clause.			
Clause (8) Voting on the amended corporate governance regulation.	7,249,776 95.71%	324,398 4.28%	776 0.01%
Clause (9) Voting on disbursing an amount of (1,800,000) one million eight hundred thousand riyals to remunerate the members of the Board of Directors for the year 2018 AD at the rate of SAR 200,000 for each member.	6,608,306 90.26%	699,722 9.56%	12,922 0.18%

Thus, the decision of the meeting of the Assembly on the agenda of the Extraordinary General Assembly is the approval by a majority of votes on all clauses of the agenda, knowing that the votes of the present members of the Company's Board of Directors have been excluded from voting on the clause on the discharge of members of the Board of Directors from liability for their performance for the fiscal year ended December 31, 2018 AD, and the clause relating to the payment of Board members' remuneration for the fiscal year ended December 31, 2018 AD, As well as the conflict of interest clauses for business and contracts.

The meeting ended at (08:30) pm of the same day, where the Chairman of the Assembly, on behalf of the Company's Board of Directors and all its employees, thanked all the attendees and the active participation of the shareholders for their attendance at this meeting. He also thanked CMA representative for his attendance.

May Allah grant success,

Assembly Secretary
Mr. Tether Abdel Hai

Chairman of the Assembly
Mr. Jamal Abdullah AlDabbagh