



## **Gulf General Cooperative Insurance Company**

### **Minutes of the Extraordinary General Assembly Meeting (the Second Meeting) of the Shareholders of Gulf General Cooperative Insurance Co. Held on Monday 19/08/1438 AH corresponding to 15/10/2017**

Based on the invitation of the Board of Directors addressed to the Company's shareholders to attend the Extraordinary General Assembly meeting, which was announced on the website of the Saudi Stock Exchange "Tadawul" on 04/05/2017, and published in the "Okaz" Newspaper, Issue No. (18514) on 09/08/1438 AH corresponding to 05/05/2017. Accordingly, the meeting was held at Radisson Blu Hotel, Al Mubarakiya Hall, Jeddah, at 7:30 pm, on Monday 19/08/1438 AH corresponding to 15/10/2017 and 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. Majed Diaaouddin Kareem;
2. Mr. Taher Mohammed Omar Agueel;
3. Mr. Ehab Yousef Linjawi;
4. Mr. Mohamed Farouk Tamer.
5. Mr. Mohamed Husnee Jazeel

The meeting was attended by the representative of the Capital Market Authority, Mr. Abdulrahman Qabbani.

The external auditors, M/s KPMG, M/s PKF AlBassam & Co., and Al-Nimer, attended.

The Chairman of the Assembly opened the meeting by welcoming the attendees and announced that the shareholders' information, numbering (72) of the Company's shareholders present in person, by proxy, and voting automatically (remotely), represent (8,254,164) shares, i.e. (41.27)% of the total number of the Company's shares amounting (20,000,000) shares. Thus, the meeting of the Assembly is valid in accordance with the Companies Law and the corresponding Articles of Association of the Company.

The Chairman of the Assembly stated that Mr. Mustafa bin Muhammad Daftardar was appointed as the secretary of the Assembly, and the members of the Votes Audit and Count Committee, consisting of Mr. Abboud Abdullah bin Afif and Mr. Abdullah Muhammad Al-Sheikhi Al-Zahrani, were selected. This was approved by the shareholders.

After that, the clauses on the agenda of the Extraordinary General Assembly were read to the shareholders and attendees, then the Chairman of the Assembly requested the representative of the auditors present to read the auditor's report and the financial statements for the fiscal year ended 13/12/2016, and expressed his readiness to respond to any inquiries from shareholders.



## **Questions asked in the Extraordinary General Assembly Auditor's Report**

**Q: Why is the quarterly report not discussed today?**

The answer is by the external auditor. The Company's quarterly report was announced in the Saudi Stock Exchange "Tadawul" and the General Assembly is only concerned with approving the auditor's report for the fiscal year 31/12/2016 and the financial statements for the fiscal year ended 31/12/2016.

**Q: How much is the Company's financial reserve?**

The answer is by the external auditor. There is no financial reserve. There is a statutory reserve of 1,642,000 and technical reserves (unearned insurance premiums, outstanding claims, deferred commission income,.....).

**Q: Are there debts on the Company?**

The answer is by the external auditor. If the Company issues an insurance policy, the Company does not earn it except over time, so there shall be a reserve against the premiums that the Company received and did not earn as revenue. As for the provision for the insurance premiums deficit reserve, according to the instructions of the Saudi Arabian Monetary Authority, which govern this provision, and the provision for existing claims is a provision for existing and outstanding claims that have not been paid, for example, if an accident occurs to the policy holder, he makes a claim to the Company.

**Q: Are these provisions for vehicles insurance or corporate insurance?**

The answer is by the external auditor. There are different types of insurance, there are medical insurance and different reinsurance arrangements, including direct related to the premiums process and indirect related to the size of the loss on a specific portfolio or certain matters.

**Q: How much is the total written premiums?**

Total written premiums amounted to 255,152 in 2016, as it was 351,946 in 2010. This is reflected in the unearned insurance premiums reserve. Unearned premiums are calculated by the Company and by us and reviewed by the actuary. The external auditor explained to the questioner to review the Company's financial statements of 2016 according to the booklets that were distributed to the shareholders.

The external auditor also added that the decrease in insurance companies' revenues does not mean a decrease in profits, but the opposite could be true because in insurance companies, the cost does not become known until after the sale.

### **Informing the Chairman of the Board of Directors about the business and contracts in which a member of the Board of Directors has an interest**

**Q: What is the total amount of business and contracts in which a member of the Board of Directors has an interest?**

The total amounts related to the business and contracts in which a member of the Board of Directors has an interest amounted to 22,770 thousand Saudi riyals.



### Vote on clauses

Q: What are the details of the fourth clause, which is related to voting on the appointment of auditors from among the nominees by the Audit Committee for the fiscal year 2017, in order to examine, review and audit the financial statements, quarterly statements and the Company's balance sheet, and determine their fees?

The presentations made by the auditors were clarified by the Chairman of the Audit Committee by reading the letter of recommendation submitted by the Committee.

Q: Why is the name of Mr. Majed Diaaaddin Kareem, the Chairman of the Committee, repeated?

He is the Chairman of the Audit Committee and a member of the Risk Management Committee.

Q: Regarding the discharge of the members of the Board of Directors for their business during 2016, will dividends be paid to the shareholders?

The Board of Directors has not yet decided on the disbursement of dividends to shareholders.

After this was completed, the Assembly Chairman requested that the external auditor leave the meeting to complete the discussion of the agenda clauses.

The Board of Directors recommended to the shareholders in the General Assembly, based on the recommendation of the Audit Committee, to appoint the El Sayed El Ayouty & Co. and Ahmed Tayseeh Ibrahim & CO. in return fees of SR 470,000, that among the nominees recommended by the Audit Committee for the fiscal year 2017 in order to examine, review and audit the financial statements, quarterly statements and the Company's balance sheet.

After that, the Chairman of the Assembly announced the opening of the discussion for the shareholders and directing their questions to the Board according to the agenda, if any, explaining that the shareholder has the right, if he finds that the answer to his question is not convincing, to recourse to a committee of the General Assembly whose decision will be enforceable.

Then the shareholders were asked to cast their votes on the agenda clauses in the voting cards that were distributed to them. After the shareholders finished the voting process, a member of the Vote 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's clauses were as follows:

| Clause Text   | Approvers           | Non-Approvers    | Abstainers      |
|---|---------------------|------------------|-----------------|
| <b>Clause (1)</b><br>Voting on what was stated in the report of the Board of Directors for the period ending on 31/12/2016. | 7,872,647<br>95,38% | 370,013<br>4.48% | 11,504<br>0.14% |



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| <b><u>Clause (2)</u></b><br>Voting on the financial statements for the fiscal year ending on 31/12/2016.   | 7,872,647<br>95,38% | 69,013<br>0.84%  | 312,504<br>3.79% |
| <b><u>Clause (3)</u></b><br>Voting on the auditor's report for the fiscal year 31/12/2016.   | 7,872,647<br>95,38% | 69,013<br>0.84%  | 312,504<br>3.79% |
| <b><u>Clause (4)</u></b><br>Voting on the appointment of auditors from among the nominees recommended by the Audit Committee for the fiscal year 2017 in order to examine, review and audit the financial statements, quarterly statements and the Company's balance sheet, and determine their fees.  | 7,884,064<br>95,52% | 57,606<br>0,70%  | 312,494<br>3,79% |
| <b><u>Clause (5)</u></b><br>Voting on amending the Company's Articles of Association in line with the new Companies' Law issued by the Ministry of Commerce and Investment.  | 7,923,653<br>96,00% | 24,449<br>0,30%  | 306,062<br>3,71% |
| <b><u>Clause (6)</u></b><br>Voting on the amendment of Article (13) of the Company's Articles of Association so that the number of members of the Board of Directors is nine, as explained in Article (15) of the new Articles of Association.   | 7,871,157<br>95,36% | 376,455<br>3,56% | 6,552<br>0,08%   |
| <b><u>Clause (7)</u></b><br>Voting on the amendment of Article (17) of the Company's Articles of Association, which is related to the remuneration of members of the Board of Directors, as explained in the Article (19) of the new Articles of Association.  | 7,876,749<br>95,43% | 370,811<br>4,49% | 6,604<br>0,08%   |
| <b><u>Clause (8)</u></b><br>Voting on the formation of the members of the Risk Management Committee until the end of the third session on February 16, 2019, and they are:<br>Mr. Jawdat Musa AlHalabi, Chairman of the Committee,<br>Mr. Mohamed Husnee Jazeel, Committee member,<br>Mr. Majed Diaaaddin Kareem, Committee member,<br>Mr. Ehab Yousef Linjawi, Committee member | 7,856,500<br>95,18% | 366,460<br>4,44% | 31,204<br>0,38%  |
| <b><u>Clause (9)</u></b><br>Voting on the re-formation of the members of the Audit Committee, the Committee's missions, its work controls, and the remuneration of its   | 7,834,919<br>94,92% | 413,864<br>5,01% | 5,381<br>0,07%   |



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| <p>members until the end of the third session on February 16, 2019, and they are:</p> <ol style="list-style-type: none"> <li>1. Mr. Majed Diaaaddin Kareem, Chairman of the Committee,</li> <li>2. Mr. Mohamed Husnee Jazeel, Committee member,</li> <li>3. Mr. Faisal bin Rashid Farooqi, Committee member</li> </ol> <p>Remuneration of members of the Audit Committee:<br/> Chairman of the Audit Committee 80,000<br/> Member of the Audit Committee 50,000</p>   |                             |                          |                          |
| <p><b><u>Clause (10)</u></b><br/> Voting on the business and contracts that will be carried out with (Al-Dabbagh Group), which are written insurance premiums, as the Chairman of the Board of Directors, Mr. Jamal Abdullah AlDabbagh, has an interest in it as he is the owner of this group as well as voting on licensing it for the next year, noted that the transactions that occurred in 2016 were written insurance premiums of 9,012 thousand riyals, and there are no preferential terms for these contracts.<br/> <b>Note:</b> <u>Related parties were excluded from voting on the clause</u></p> | <p>7,812,857<br/>94,66%</p> | <p>434,920<br/>5,27%</p> | <p>5,387<br/>0,07%</p>   |
| <p><b><u>Clause (11)</u></b><br/> Voting on the business and contracts that will be carried out with (Rolaco Group), which are written insurance premiums, as the member of the Board of Directors, Mr. Saud bin Aziz Al-Sulaiman, has an interest in it as he is the owner of this group as well as voting on licensing it for the next year, noted that the transactions that occurred in 2016 were written insurance premiums of 1,225 thousand riyals, and there are no preferential terms for these contracts.<br/> <b>Note:</b> <u>Related parties were excluded from voting on the clause</u></p>      | <p>7,839,946<br/>94,98%</p> | <p>408,863<br/>4,95%</p> | <p>5,355<br/>0,06%</p>   |
| <p><b><u>Clause (12)</u></b><br/> Voting on the business and contracts that will be carried out with (Tamer Group), which are written insurance premiums, as the member of the Board of Directors, Mr. Mohamed Farouk Tamer, has an interest in it as he is the owner of this group as well as voting on licensing it for the next year,</p>  | <p>7,838,946<br/>94,98%</p> | <p>107,831<br/>1,31%</p> | <p>306,387<br/>3,71%</p> |



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| noted that the transactions that occurred in 2016 were written insurance premiums of 11,833 thousand riyals, and there are no preferential terms for these contracts.<br><b>Note:</b> <u>Related parties were excluded from voting on the clause</u>   |                     |                  |                 |
| <b>Clause (13)</b><br>Voting on discharge of the members of the Board of Directors for their business during 2016<br><b>Note:</b> <u>Members of the Board of Directors present are not entitled to vote on this clause</u>   | 7,844,617<br>95,11% | 385,853<br>4,68% | 17,694<br>0,21% |
| <b>Clause (14)</b><br>Voting on disbursing an amount of (SR 1,180,000) one million one hundred eighty thousand riyals to remunerate the members of the Board of Directors for 2016.<br><b>Note:</b> <u>Members of the Board of Directors present are not entitled to vote on this clause</u> | 7,706,710<br>93,44% | 539,070<br>6,54% | 2,384<br>0,03%  |

Thus, the decision of the meeting of the Assembly on the aforementioned agenda of the Extraordinary General Assembly is the approval by a majority of votes on all clauses of the agenda. Noting that the related parties were excluded from voting on the clauses related to them, as well as the members of the Board of Directors was excluded from voting on the Clause (13) related to their discharge, and on the Clause (14) on remuneration.

The meeting ended at 08:15 pm at the same day, in which 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 by attending this meeting. He also thanked the representative of the Capital Market Authority for attending.

May Allah grant success,

**Assembly Secretary**  
**Mustafa Muhammad Hisham Daftardar**

**Chairman of the Assembly**  
**Mr. Jamal Abdullah AlDabbagh**