

**AUDIT COMMITTEE REPORT TO THE SHAREHOLDERS
OF SAUDI RE FOR COOPERATIVE REINSURANCE COMPANY
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019**

Audit Committee performed its duties and activities in accordance with Company Law, CMA and SAMA Regulations, and Audit Committee selection criteria approved by the General Assembly.

During 2019, the Audit Committee of Saudi Re held seven (7) meetings.

Amongst other duties and activities, the committee supervised and assessed the effectiveness of the Internal Audit and Compliance functions, reviewed the activities of the External Auditors and ensure their independence, reviewed the Interim and Annual Financial Statements, reviewed the effectiveness of compliance with the regulatory requirements, and assessed the Risk Management Framework. Accordingly, Audit Committee provided recommendations on actions to be implemented by the management of the Company.

The Internal Audit Department conducted audit of various departments, in accordance with Audit Plan approved by the Audit Committee.

Therefore, the results of the review of the audits found that Saudi Re's internal control procedures and independent control functions were satisfactory. There were no major material weaknesses in internal controls identified. This outcome illustrates that the internal control, compliance and risk management procedures followed by the Company are appropriate and reasonably executed.

The Reserving is handled in-house by the Chief Actuary. In addition, an External Appointed Actuary (PWC) carries out Annual Actuarial Analysis culminating in issuing a Financial Condition Report (FCR), which was reviewed by Audit Committee. Audit Committee reviewed the Capital Adequacy and they believe Saudi Re is adequately capitalised on a statutory basis and can settle its existing liabilities from current resources.

Moreover, the Audit Committee have full access to the record and information of the Company granted by Board of Directors and Executive Management. Moreover, the Audit Committee confirms that there was no conflict between Audit Committee Resolutions and the Board.

The reviews conducted by the Internal Audit Department, Compliance Departments and External Auditors provided basis for reasonable assurance in building an opinion on the adequacy and effectiveness of the Internal, Financial control and Risk Management systems in the Company.

Based on above, the Audit Committee concludes that the Internal Controls are efficient and effective.

On Behalf of Audit Committee



Mr. Ali Saeed Al-Qahtani
Chairman of Audit Committee



